DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

SECOND SESSION—NINETEENTH PARLIAMENT

Which opened the seventh day of November, 1940, and was prorogued the twenty-first day of January, 1942.

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OTTAWA
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942

CANADA

House of Commons Debates

OFFICIAL REPORT

Thursday, May 29, 1941.

The house met at three o'clock.

BUSINESS OF THE HOUSE

PROCEDURE WITH RESPECT TO PRIVATE BILLS—SUSPENSION OF STANDING ORDER 105

Mr. ALPHONSE FOURNIER (Hull) moved:

That, for the remainder of the session, all private bills from the senate when received from that house, shall be deemed to have been read the first time and ordered for second reading, and that standing order 105 respecting the posting of bills be suspended in relation thereto.

Motion agreed to.

WORLD WHEAT SITUATION

EXCHANGE OF NOTES BETWEEN UNITED STATES AND CANADA—RESUMPTION OF DISCUSSIONS IN WASHINGTON

On the order for motions:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I wish to table herewith copies in English and French of a note of May 28 from the United States minister, and our reply of the same date.

This exchange of notes, which is self-explanatory, has arisen out of the fact that the President of the United States has been obligated, under the United States Agricultural Adjustment Act, to impose a quota restriction on the importation of Canadian wheat. The president's proclamation, issued last night, limits total imports of wheat into the United States during the next twelve months to 800,000 bushels. Of this total, the allocation to Canada is 795,000 bushels. The United States note makes it clear that this import restriction will not affect the movement of Canadian wheat into the United States for miling in bond and export, or Canadian wheat moving through the United States for export.

In its note the United States government intimates that it is proposed to invite the interested governments to resume discussions in Washington, in the near future, on the whole wheat surplus problem. In addition to looking toward the resumption of discussions of the world wheat situation between the wheat producing countries, the United States government propose, in particular, closer collaboration between the Canadian and United States governments with a view to preventing divergencies in our respective wheat programmes and policies, a development which would be in accord with the purposes of the Hyde Park declaration. The Canadian note recognizes the domestic difficulties with which the United States has had to contend, acknowledges its assurance that Canadian export and transit trade will not be affected by the restrictions, and welcomes the United States initiative in proposing joint examination of the world wheat problem and closer cooperation between Canada and the United States in working out their respective wheat programmes and policies.

Mr. E. E. PERLEY (Qu'Appelle): I had a question which I was going to direct to the Minister of Trade and Commerce (Mr. MacKinnon), but the Prime Minister (Mr. Mackenzie King) rather beat me to it when he announced the international conference which is to be held in Washington. I am sure we were all glad to learn that Canada is to be permitted to supply almost the entire import quota of the United States. There was one sentence in the press release, however, to which the Prime Minister did not refer, in which it was stated that the disclosure of the proposed conference was made in the release of an exchange of notes between the United States and Canada in connection with quota action. Would the minister table the notes which have passed between the two governments in this connection?

Mr. MACKENZIE KING: I just tabled them.

Mr. PERLEY: I did not understand that the Prime Minister tabled the actual notes which passed between the two governments.

Mr. MACKENZIE KING: Yes; that was my purpose in rising. I tabled the notes and made a short statement in explanation.

INCOME WAR TAX ACT

CORRESPONDENCE WITH PREMIER OF ONTARIO RESPECTING INCREASED TAX ON NON-RESIDENTS

Hon. R. B. HANSON (Leader of the Opposition): Will the Prime Minister at the same time table the correspondence between himself and the Premier of Ontario to which reference was made in this morning's press, having to do with the increased tax imposed on non-residents by the proposed amendment to the Income War Tax Act?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think that correspondence will take a little time to copy. When it is copied I shall be pleased to see that it is tabled.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 80, for the relief of Elizabeth (Elspeth) Brown Rattray Selkirk Morphy.—Mr. Bercovitch.

Bill No. 81, for the relief of Stanley Jackson.—Mr. Whitman.

Bill No. 82, for the relief of Vera Black Slatkin.—Mr. Bercovitch.

Bill No. 83, for the relief of Stella Cohen Baboushkin.—Mr. Bercovitch.

Bill No. 84, for the relief of Kate Abramovitch Reinblatt.—Mr. Bercovitch.

Bill No. 85, for the relief of Dora Catherine Sullivan Evans.—Mr. Bercovitch.

Bill No. 86, for the relief of Ilona Klein, otherwise known as Eleanor Klein.—Mr. Boucher.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

THIRTY-DAY TRAINING—VOLUNTEERS FOR ACTIVE SERVICE

Mr. ESLING:

1. How many men were given thirty days training under the provisions of the National Resources Mobilization Act?

2. How many of these have volunteered and been accepted for service in the Canadian army (active force)?

Mr. RALSTON:

1. 81,086 recruits completed training.

2. Records at national defence headquarters regarding enlistments of N.R.M.A. recruits only show the figures previous to March 25th, 1941, and as of that date the number reported by the districts aggregated 2,039 in the navy, army and air force. A breakdown of enlistments into each service is not available.

*QUEBEC PROVINCE PUBLIC UTILITIES

Mr. PARENT:

1. What is the name of each of the companies distributing electricity, wholesale and retail, in the province of Quebec, and who pay taxes to the dominion government?

2. Where is the head office of each of these companies?

3. What amount of taxes was paid by each of such companies to the dominion government during the years, 1938, 1939 and 1940?

4. What is the total amount paid by these companies for the years, 1938, 1939 and 1940?

Mr. GIBSON: Mr. Speaker, it would be contrary to established practice to give information as to the amount of taxes paid by any individual taxpayer. Under the circumstances I would ask that this question be dropped.

Question dropped.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN ARMY—WASSERMANN TEST

Mr. POULIOT:

1. Are the members and officers of the three branches of the army obliged to take the Wassermann test?

2. If so, since when?

3. If not, why?

UNEMPLOYMENT RELIEF—NEW BRUNSWICK

Mr. HATFIELD:

1. What total amount has the dominion government contributed each fiscal year since 1935 towards unemployment relief in the province of New Brunswick?

2. During each such fiscal year: (a) what total amount was contributed toward direct relief; (b) what amount was contributed to be used in the paying of the cost of public works projects; (c) what amount was contributed to be used by the province to pay the costs of various youth training projects; (d) what amount, if any, was contributed to be used in paying the costs of other educational projects; (e) what amounts were contributed towards the promotion of colonization; (f) what additional projects for the relief of unemployment were assisted by contribution from the dominion to the province of New Brunswick?

3. What was the total contribution of the dominion towards each such project?

4. Who, in each case, represented the dominion government as supervisor or inspector on each of these projects, to see to it that moneys contributed by the dominion were expended solely and entirely for the purpose for which each contribution was made?

BACON BOARD

ANNOUNCEMENT WITH RESPECT TO LIMITATION OF DOMESTIC CONSUMPTION OF PORK

On the orders of the day:

Hon. J. G. GARDINER (Minister of Agriculture): I should like to reply to the question asked yesterday by the hon. member for Haldimand (Mr. Senn).

Some short time ago I announced to the house that the British ministry of food had requested certain additional quantities of bacon. Subsequent to this a further request was received that shipments should be accelerated so that shipments under the present contract would be completed by September 15 rather than October 31 as provided for in the agreement. To comply with this request will require the shipment of 425,000,000 pounds during a period of forty-six weeks rather than fifty-two weeks as originally provided for, and it will be necessary substantially to increase shipments during the present month and during the remainder of the period up to September 15, during a period when hog marketings are normally at their lowest level. Accordingly, it was deemed desirable to take certain steps to secure additional quantities of bacon for export.

The method adopted to accomplish this purpose is that each exporting packer is being allowed for domestic distribution the average number of hogs distributed weekly in the domestic market in 1940, and is required to deliver to the board the export product of every hog slaughtered over and above the domestic allowance. At the same time all slaughterers of hogs, excepting farmers, are being required to obtain licences for the purpose of limiting the quantity of pork being distributed by domestic slaughterers to the level of 1940, similar to the action taken with respect to exporting packers.

The domestic consumption of pork has been gradually increasing and is exceedingly high, and the amount distributed during 1940 is considered a liberal allowance, since, from all information available, the per capita consumption of pork during that year was the highest on record.

THE MINISTRY

AGRICULTURE AND NATIONAL WAR SERVICES—QUESTION OF ANNOUNCING CHANGES IN THE HOUSE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): With regard to the question asked me yesterday by the leader of the opposition (Mr. Hanson), I am not at the moment in a position to announce any change in the personnel of the ministry. Before the present session is adjourned I hope to be in a position to inform the house of a change under which the Minister of Agriculture will be able to give his undivided time to the work of that department, and whereby the work of the Department of National War Services will be expanded.

Hon. R. B. HANSON (Leader of the Opposition): What I had in mind was the announcement being made at a calf auction.

Mr. MACKENZIE KING: I suppose that would depend on what my hon. friend regards as a calf auction.

GREAT LAKES SHIPPING

RESULT OF FORMAL INVESTIGATIONS OF DISASTERS IN NOVEMBER, 1940

On the orders of the day:

Hon. P. J. A. CARDIN (Minister of Transport): On November 15, 1940, I told the hon. member for Broadview (Mr. Church) that an investigation would be held in respect to the loss of the steamers *Novadoc* and *Anna C. Minch* in lake Michigan, United States, on or about November 12, 1940. I am now in a position to say that formal investigations have been completed. The investigation in both cases was conducted by the Hon. F. H. Barlow, district judge in admiralty of the Exchequer Court of Canada for the Ontario admiralty district.

In regard to the *Novadoc* the court found no default on the part of the master or any other person or persons. The vessel was in good seaworthy condition. The court found "that the loss of the vessel and the loss of life can be attributed only to the violence of the storm". Two members of the crew were lost. The court expressed appreciation of the action of Mr. Clyde Cross and the other two men operating the fishing boat *Three Brothers* who at very considerable risk proceeded to the stranded *Novadoc* in a heavy sea and rescued the seventeen survivors. The gallant conduct of these three men will be officially recognized by the government through the marine services of the Department of Transport.

The court recommended that a barometer be conveniently placed in the pilot house of

vessels, that fitting of radiotelephone be made compulsory, and that telephone communication should be fitted between bridge and engine room. The Department of Transport had already approached the Dominion Marine association, which represents the majority of owners of lake ships, with a view to having this recommendation acted upon. This recommendation applied only to some vessels, because in most cases the ship barometer was so placed as to be readily accessible to the officer on duty on the bridge.

In regard to the *Anna C. Minch*, the vessel disappeared on or about November 12, 1940, with the loss of all hands. The wreck of the vessel was located and inspected by a diver who found a large hole in her port side, twenty feet wide and extending from bilge to deck, caused obviously by collision with some other vessel, probably the *William B. Davock* which disappeared about the same time. The *William B. Davock* is of United States registry.

The court found that the loss of the vessel can be attributed only to the severe storm and the probability that she came in collision with another vessel, thought to be the *William B. Davock*. No blame was attached to the owners or managers of the vessel. The court recommended that all lake vessels be required to carry wireless telephone equipment. Vessels of this type and size are not required to carry wireless.

Under the Canada Shipping Act, 1934, only cargo vessels of 5,000 tons gross tonnage and upward, going on any voyage of two hundred, or over, nautical miles from one place to another place, are required to carry radio transmitting apparatus. These two vessels were less than 5,000 tons. The question of enlarging the scope of the act was under consideration. During the past season of navigation on the great lakes, 129 ships were equipped with radio, of which 108 had radiotelephone equipment.

The question of developing suitable radiotelephone communication facilities on the great lakes has been under investigation by the radio division of the Department of Transport in collaboration with officers of the United States administration for some time. The Canada Shipping Act would require to be amended in order to make radio equipment compulsory.

These recommendations are at present receiving due consideration.

[Mr. Cardin.]

SCRAP IRON

REPORTED MOVING OF DOMINION BRIDGE FURNACES AND ROLLING MILLS FROM CALGARY PLANT TO VANCOUVER

On the orders of the day:

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I would draw the attention of the Minister of Munitions and Supply to a question I asked on May 22 with respect to the intention of the Dominion Bridge company to move its plant from Calgary to Vancouver. Could the minister give the house an explanation with regard to that unfortunate situation?

Hon. C. D. HOWE (Minister of Munitions and Supply): Permission to move the plant of the Dominion Bridge company from Calgary to Vancouver was recommended some two or three weeks ago by the steel controller. I believe the plant in Calgary has not been operating for eleven years. It seems to be of no value to the war effort in its present location, and it was recommended to me that the plant be moved to Vancouver. Government assistance in the moving of the plant was not asked, other than the usual declaration that it is being moved for war purposes, thereby allowing the company to present its case for consideration of the war contracts depreciation board. That declaration was granted, and the government has no further part in the transaction.

Mr. JOHNSTON (Bow River): Will depreciation on that plant be allowed?

Mr. HOWE: That is a matter for the war contracts depreciation board to consider. The board will have to decide as to what if any depreciation is permissible. The Department of Munitions and Supply is not assisting the company financially.

Mr. JOHNSTON (Bow River): Could not use be made of that plant in Calgary?

Mr. HOWE: I cannot say as to that, but I could point out that it has been there eleven years without being used.

Mr. JOHNSTON (Bow River): We have been trying to get it in operation for the last six months, and have not made any progress.

CONSCIENTIOUS OBJECTORS

LABOUR SERVICE IN LIEU OF MILITARY TRAINING—APPLICATION TO MENNONITES AND DOUKHOBORS

On the orders of the day:

Hon. J. G. GARDINER (Minister of National War Services):—Mr. Speaker, I should like to make a statement on a matter having to do with national war services.

When the regulations for compulsory military training for service within Canada were enacted, provision was made therein for the possible postponement of such military training for conscientious objectors, Mennonites and Doukhobors. Provision for postponement of training for the last two classes was granted pursuant to terms of orders in council enacted at the time these people were admitted into Canada.

The regulations provided that, notwithstanding postponement from military training of persons within these three groups, such persons might be required to render some type of alternative service.

The twenty-one year old class is now being called out for military training. Members of that age class whose military training is postponed as either conscientious objectors, Mennonites or Doukhobors will now be required to render either three or four months' labour service in lieu of military training and be subject to such further labour service as may be decided in the future.

In the case of Mennonites and conscientious objectors, an arrangement has been made with the federal Department of Mines and Resources to open camps in national parks and a camp in Ontario where Mennonites and conscientious objectors will be sent for their period of labour service. They will be called upon to do certain work in these parks which would not otherwise be done. The men will be supplied with board and lodging and will be paid fifty cents per day, but will be called upon to supply their own clothing.

In the case of Doukhobors, who are all in western Canada, negotiations are being conducted with provincial governments concerned under which certain road projects will be carried on under provincial control, and these men will be required to work on these projects under the conditions I have outlined.

Those who fail to report at these camps for work on these projects, when directed will be dealt with in the ordinary way as defaulters.

It is hoped to have these camps in operation on June 15, and, as the type of work to be done must of necessity be seasonal, the camps, with one or two exceptions, will be summer camps.

UNEMPLOYMENT INSURANCE

AMENDMENT OF ACT TO PROVIDE FOR COOPERATION AS TO MEDICAL CARE OR COMPENSATION —BILL WITHDRAWN

Hon. H. A. BRUCE (Parkdale): Mr. Speaker, with your consent and with the consent of the house I would ask that Bill No. 21, order No. 17, standing in my name under public bills and orders, be withdrawn.

Bill withdrawn.

DOMINION SUCCESSION DUTY ACT

The house resumed from Wednesday, May 28, consideration in committee of Bill No. 79, to authorize the levying of duties in respect of successions—Mr. Ilsley—Mr. Vien in the chair.

Section 9 agreed to.

On section 10—Initial duty dependent on aggregate net value.

Mr. HANSON (York-Sunbury): Would the minister give a brief explanation of this section? I understand that in the first place there shall be paid an initial duty based on the aggregate net value. I do not quite understand the necessity for the proviso. What is intended by the initial duty? What will be the scope of the operation, if that is a fair way to put it?

Hon. J. L. ILSLEY (Minister of Finance): That is the duty payable in respect of the estate. That is clear, is it not? There is no estate duty up to $25,000. If the hon. gentleman will look at the schedule on page 25 he will see that the initial rates start at $25,000. For estates of between $5,000 and $25,000 the additional rates apply, but not the initial rates. What this proviso says is just that there shall not be any initial rates for estates between $5,000 and $25,000.

Section agreed to.

On section 11—Additional duty.

Mr. MACDONALD (Brantford City): I notice there is a definition of child in clause (b), and child is also defined in the interpretation section. In clause (b) reference is made to a child of the deceased eighteen years of age or over. No reference is made to an adopted child.

Mr. ILSLEY: The interpretation section defines "child" as being a child under eighteen years of age, or a child who was dependent upon the deceased for support on account of mental or physical infirmity. In clause (a) of subsection 1 of section 11 the only reference to child is to one who would come within the terms of that definition. But when we come to clause (b) we find that we are talking about a child in the ordinary sense, that is a son or daughter of the deceased or a lineal descendant over eighteen years of age and not dependent upon the deceased. The child referred to in clause (b) is not a minor child.

Mr. HAZEN: There seems to be a defect in the draftsmanship; it is not very good.

Mr. ILSLEY: I suppose the point is that if you apply the definition of child as found in the interpretation section to the word

"child" in line 33 you get a child under eighteen years of age, whereas the words that follow are "eighteen years of age or over," hence a contradiction. It seems to me that this would be a strained interpretation, I do not think the provision could possibly give rise to any difficulty.

Mr. HANSON (York-Sunbury): Will the minister give further consideration to including in clause (a) husbands as well as widows?

Mr. ILSLEY: I cannot see that argument at all. If it were a dependent husband—

Mr. HANSON (York-Sunbury): It might be.

Mr. ILSLEY: Is the hon. gentleman suggesting that we put in the words "dependent husband"?

Mr. HANSON (York-Sunbury): I do not suggest that, but I do suggest that in eight of the nine provinces a husband is treated exactly the same as a widow.

Mr. ILSLEY: In nearly all provinces classes A and B are combined. If A and B were combined, the husband would be in the same class as the widow, but we have separated them; we have taken out the people who are naturally dependent.

Mr. HANSON (York-Sunbury): That is just an arbitrary division. In many families the husband and wife make a joint or mutual will, especially when there are no children. The one leaves the other what little patrimony there may be. What has been saved has probably been saved by the joint effort, but the title has been divided during their lifetime. The husband leaves his to the wife, and the wife leaves hers to the husband. I do not see that there is anything wrong or improper in asking for that.

Mr. MACDONALD (Halifax): While the rates in the aggregate as provided by this section and in the schedule are on the whole reasonable, the rates which apply to the different classes seem to be out of line. I suggest that this is particularly so in the case of small estates of from $5,000 to $25,000. The additional rate dependent on dutiable value in the case of an estate of from $5,000 to $6,000 is 2 per cent for classes A and B, which cover the widow and children of the deceased. But the rate for class D is 3 per cent, which class covers successors who may be no blood relation to the deceased, but complete strangers. Let us take another case, an estate of from $22,000 to $25,000. There the additional rate dependent on dutiable value in the case of class A is 2·45 per cent; for class B, which includes children over the age of eighteen years, the rate is 2·9 per cent; for class C, which includes brothers and sisters, sons-in-law and daughters-in-law, the rate is 3·4 per cent, and for class D, which covers complete strangers, the rate is only 3·9 per cent. I suggest that the difference is too small as between children and close relatives of the deceased and those who are complete strangers and may have absolutely no reason to look forward to any benefit through the death of the testator.

Mr. ILSLEY: The reason is that in the provinces there is a much wider divergence in the rates applying to classes A and B and class D. If we had the same divergence in the dominion we would have a great total divergence between the rates.

Mr. SLAGHT: Why?

Mr. ILSLEY: We would be doubling the divergence. I think it should be an arithmetical rather than a geometrical divergence. That is the theory of the act, at any rate. These rates on the whole are lower for strangers than the rates in the provinces, but when added to the provincial rates there is a substantial difference between the stranger rates in the total and the rates for children closely related in the total.

Mr. HANSON (York-Sunbury): The minister is admitting that if we adopted the same progressive rate for class D as the provinces have adopted, it would be confiscation.

Mr. ILSLEY: It would be very high.

Mr. HANSON (York-Sunbury): If he will allow me to say so, I do not understand the attitude adopted by the hon. member for Halifax (Mr. Macdonald). Last evening he enunciated a principle which I was surprised to hear. He contended that a man had no inherent right to pass along his patrimony to his children.

Mr. MARTIN: The hon. member is not married.

Mr. HANSON (York-Sunbury): I was just about to say that possibly his outlook on this question is dictated by his position in life. I hope he will rectify that position very shortly.

Section agreed to.

On section 12—Persons liable.

Mr. MACDONALD (Brantford City): I would draw the attention of the committee to the words "shall" and "may" in the eighteenth line. It says that the duty in respect of any gift or disposition "shall also

be payable by and may be recovered from" the executor. Is there discretion as to whether or not it shall be recoverable from the executor?

Mr. HANSON (York-Sunbury): An alternative, is it not?

Mr. MACDONALD (Brantford City): Or is it an alternative?

Mr. ILSLEY: It is payable by the donee, by the successor—I think that is the proper term. It also may be recovered from the executor in his capacity as executor, and up to the amount of the property he has in his hands.

Mr. MACDONALD (Brantford City): If I may anticipate and go to section 13, it provides that if the executor is forced to pay duty in respect of property not in his hands he can recover from the successor liable therefor. My question with respect to section 12 is this: Is he liable in his capacity as executor only for the assets of the estate which come into his hands? How can that accord with section 13?

Mr. HANSON (York-Sunbury): Perhaps I can help the minister. I do not see the hon. member's difficulty. In the first place the successor is liable for the duty. It comes out of him eventually. Section 12(1) gives the taxing authority the right to recover from the successor, or the duty may be recovered from the executor if the money is still in his hands. It is a permissive right of the crown to look to either place for the duty, and I think that is all right. You have to protect the treasury to that extent, and give the crown that alternative right. Section 13 is a protection to the executor who has to pay under section 12. I am going to ask the minister to consider, under 13 or 12 or at some other appropriate point, that where there is a liability imposed on the executor, a liability that may be exercised, he be given more than a possessory lien on the assets; that he be given a statutory lien. I think he ought to have that. He has only a possessory lien at the moment.

Mr. ILSLEY: Why is that not good enough?

Mr. HANSON (York-Sunbury): It may not be. I would give him full protection.

Mr. ILSLEY: The executor is given pretty full protection under this act.

Mr. HANSON (York-Sunbury): But that is one provision which I think is lacking.

Mr. ILSLEY: I think this compares pretty favourably with other acts.

Mr. HANSON (York-Sunbury): I am in agreement there.

Mr. ILSLEY: I speak subject to correction, but under some acts I believe the executor is liable for the amount of these gifts in any event.

Mr. HANSON (York-Sunbury): I do not recall any that go so far as to compel him to pay it out of his own pocket unless he has violated his duty as executor and paid the gift out before the tax was paid. But no executor would think of doing that.

Mr. ILSLEY: I may be wrong about that.

Mr. MACDONALD (Brantford City): I have followed the argument of the leader of the opposition but if according to section 12 the executor is liable only in his capacity as executor, how can he by section 13 be required to pay duty upon assets which do not come into his possession or control? The first line of section 13 uses the words "is required".

Mr. ILSLEY: The executor is required to pay duty on the value of a donation even though the gift is not in his hands. He is required to pay the duty, provided that he has property up to that amount. Section 13 gives him the right to recover against the successor the amount of duty which he had to pay. The gift is not being administered by the executor. The property upon which succession duty is payable does not come into his hands. He is not administering it. Nevertheless he is obliged to pay the duty on it if he has other property in his hands, and section 13 provides that he can recover the amount of the duty from the successor, who in this case would be the donee.

Mr. MACDONALD (Brantford City): I see. Thank you very much.

Mr. WHITE: If the executor of the estate is liable for the duty on gifts which have been made by the testator in his lifetime, the executor will have to pay that duty out of the assets of the estate under his administration. If he is unable to collect the amount of the duty so paid from the person who received the gift, he will have to pay the duty, and it will have to come out of some of the other heirs.

Mr. HANSON (York-Sunbury): That is a possibility.

Mr. WHITE: It is quite a probability.

Mr. ILSLEY: The concluding words of section 12(1) do away with that difficulty. It says that the executor is liable "for an amount not exceeding the value of the interest of the successor in the property administered by the executor." Therefore he would not be dipping into the interests of others.

Mr. HANSON (York-Sunbury): If there was no interest of the successor in his hands, the duty could not be recovered from him. That would be a good plea in answer to an action.

Mr. ILSLEY: Yes.

Mr. WHITE: If the testator during his lifetime had made a gift to someone of $5,000, and that person had no interest in the estate when the donor died, who would be liable for the duty?

Mr. ILSLEY: The successor.

Mr. WHITE: Then the executor in administering the estate would not have to pay the duty on that $5,000?

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): But they could go after the donee.

Mr. ILSLEY: Correct.

Mr. WHITE: It looks very profitable for litigation.

Section agreed to.

Section 13 agreed to.

On section 14—Duty deductible from succession.

Mr. HANSON (York-Sunbury): I think that this fully protects the executor.

Mr. ILSLEY: I think it does.

Mr. HANSON (York-Sunbury): Does the minister think that section 14 goes far enough? I am thinking of my suggestion of a lien. He has a possessory lien; give him a statutory lien, and that will be a protection.

Mr. SLAGHT: Better than a lien, he could take it out for himself, out of money in his hands.

Mr. HANSON (York-Sunbury): That would be the possessory lien, would it not?

Mr. SLAGHT: This is a statutory right. Take it away from the estate; that is better than any lien.

Mr. ILSLEY: In answer to a question of the hon. member for Brantford City. I spoke as though section 13 applied to gifts. Section 13 applies to such a case as insurance payable, not to the executor but to some beneficiary, which does not come into the hands of the executor for administration. That is what No. 13 is designed to cover, not the case of gifts *inter vivos*, as I said before. Was there any question about section 14?

Mr. HANSON (York-Sunbury): I was just raising the question of security. If the minister does not think well of it I will not press it any further.

[Mr. Ilsley.]

Mr. ILSLEY: It seems to me the executor is adequately protected.

Mr. HANSON (York-Sunbury): All right. Maybe he is.

Section agreed to.

On section 15—Filing statement.

Mr. HANSON (York-Sunbury): Subsection 1 provides for the filing of a statement, including an inventory, name of successors, and so forth, within six months after the death of the deceased. Also certain other things have to be done. By subsection 2, every executor shall within six months after the death of the deceased deliver to the minister in such form as he may prescribe, a statement similar to that required by subsection 1. Subsection 3 provides a measure of relief where one of the persons mentioned in the two next preceding subsections has made and delivered the statement. I am assuming that in practice one statement only will be made, unless required by the commissioner.

Mr. ILSLEY: By the minister, yes.

Mr. HANSON (York-Sunbury): Yes—well, it will be a commissioner, I suppose, or other officer authorized. I am wondering whether six months is quite long enough. I know it is the standard period of time, but it has been difficult at times to do the work within that period.

Mr. MACDONALD (Brantford City): There is the power of extension.

Mr. HANSON (York-Sunbury): Yes, but upon what principle would the department allow an extension of time, and would it be without penalty? In connection with income tax severe penalties may be imposed. Of course I realize with gratitude that in respect of income tax a man can file a pro forma statement, and make a payment on account, and so escape penalty. I commend that because it is a reasonable concession to the oppressed taxpayer. But I should like to see a longer time given than six months. These things are going to be onerous enough.

Mr. ILSLEY: Six months is the usual time.

Mr. HANSON (York-Sunbury): Oh, I said that.

Mr. ILSLEY: And that, with the power of extension, should be enough.

Mr. HANSON (York-Sunbury): On what principle will the extension be made?

Mr. SLAGHT: I do not grasp what circumstances the hon. gentleman has in mind which would make it even difficult to file the

statement within six months. It is a statement which includes gifts only for three years back. The person filing the statement knows the situation, and if he cannot make the statement in six months he cannot make it in six years.

Mr. HANSON (York-Sunbury): Oh, no; it is a full itemized inventory of all the assets and all the debts of the deceased and everything of the kind. It is the ordinary statement which has to be made. I suggest that six months is not quite long enough, although I know it is the standard period. Suppose some of the property is in another country, and the matter arises in war time. I admit at once that that is an extreme case, and a condition not likely to continue for ever, but my colleague suggested it to me as a possible contingency, and so it is. The government could well concede a longer period of time.

Mr. ILSLEY: I should not like to extend it. I do not think it will give rise to much difficulty.

Mr. ROSS (St. Paul's): I made a suggestion in the discussion on the resolution, which I might illustrate in this way. When, about 1929 or 1930, the crash came, a succession duty which had to be paid on a British Columbia estate amounted to a great deal more than the then value of that estate. In other words, nothing was left. I know of other instances in which the same thing has occurred. While I am not a solicitor, it seems to me that a fairer way of dealing with this matter would be to determine tentatively the value of the estate at the time of death, so that all the preliminaries could be gone on with, and then have the succession duty paid on the value of the estate six months after the death of the testator; that is, have a revaluation made at that time and payment fixed accordingly. This would obviate the unfairness, indeed the real hardship, which has occurred in the past. If in the meantime the value of the estate increased, the government would get more money; if the value diminished, the government would not receive as much, but unfairness would be avoided.

Another thing which happens in certain cases where it is necessary to liquidate assets—

The CHAIRMAN: Order. The remarks of the hon. member are directed to section 8, with regard to determining the aggregate net value, which has been allowed to stand. The section under consideration has to do only with the filing of the statement.

Mr. ROSS (St. Paul's): Well, I see "inventory" here. May I finish my remarks?

The CHAIRMAN: Yes, but this is only with reference to the statement of the value of the property in an inventory to be filed with the minister within a certain period, by certain persons indicated. The fixing of the value is determined under section 8.

Mr. ROSS (St. Paul's): Subclause (a) of subsection 1 of section 15 refers to "fair market value as of the date of death". I do not think what I suggest would entail any great hardship on the government; and where it is necessary to liquidate assets, where there is a large holding in one company, immediately the value of that stock is depressed. If people know that it does not have to be done quickly there is a chance that the estate will not be depressed to the same extent, and the government may get more money. I do not think the government would lose anything, and it would be much fairer.

Section agreed to.

On section 16—Property not disclosed.

Mr. ILSLEY: I wish to offer an amendment to this section. It does not vitally affect the provision. The amendment is:

That section 16, subsection 1, be amended by deleting the words at the end thereof reading—"the executor shall only be liable to such penalty if he knowingly omits to make such disclosure," and substituting therefor the following:

"in any proceedings to recover such penalty the executor shall not be liable thereto if he establishes to the satisfaction of the court that his omission to disclose the property was not intentional."

Mr. HANSON (York-Sunbury): The principle is an important one. The onus is put entirely on the executor. I should think the fair thing to do would be to say that if any person required to file a statement pursuant to section 15 knowingly or with intent to defraud omits to disclose, he shall be liable to penalty.

Mr. ILSLEY: I think the burden should be on the executor.

Mr. SLAGHT: I agree with the leader of the opposition, that the present wording is all that in fairness we ought to ask. It will be noted that the provision does not deal with any loss that might accrue to the estate because of non-disclosure; that might be the subject of severer penalty or treatment. But this provision deals with the case of the obligation of an executor under the act to pay a penalty of one hundred per cent of the non-disclosed property. Now, that is an arbitrary penalty to begin with, unless it could be shown—and this section does not make it a condition—that the department

lost some revenue because of the non-disclosure. Under this amendment, by merely showing non-disclosure of an amount you could impose the one hundred per cent penalty. If it was half a million dollars it would ruin an individual executor. The department may say to him: "We are not prepared to show to a court"—or they impose the penalty without going to a court—"we are not prepared to show that you knowingly left this out, but we are going to put upon you the burden of proof that you did not knowingly leave it out." Sometimes, as we all know, the fact as to where the burden of proof rests makes all the difference between success or failure on the part of a person who is sued. Where there has been no loss, it seems to me you ought to be able to show, before you impose a penalty upon a man, that he knowingly omitted to disclose something. I suggest that the amendment ought to be withdrawn, that the draftsman who prepared the section in its present form had a better sense of proportion than the proposed amendment discloses.

Mr. HANSON (York-Sunbury): I am in entire agreement with the hon. member for Parry Sound. He has stated the position much better than I could. This rather shocks one's sense of propriety and justice. It is on a par with the principles that underlie the liquor acts in this country; a man is guilty until he proves his innocence. I cannot see that in the ordinary course of business a man acting in a representative capacity would profit by non-disclosure. His duty is clear. He does it to the best of his ability. If he omits anything, the onus should be on the crown to prove intent. As the hon. member for Parry Sound has said, where a penalty is imposed, clearly it is the duty of the crown to assume the onus of proof.

I do not like this type of legislation; it is not British justice. Of course it is making it easier for the officers of the crown to administer the law.

Mr. ILSLEY: I disagree with the leader of the opposition and the hon. member for Parry Sound. I can hardly conceive of a case where the crown would be in a position to prove knowing omission. There might possibly be some cases in which the crown could prove a state of mind. If the crown is in a position to prove that the existence of property was brought to the attention of the executor and nevertheless was not disclosed, it would be possible for the crown to prove that state of mind. My hon. friend talks about British justice, and shock to our feelings, and that sort of thing, but we must recognize the fact that in a great many statutes where the means of knowledge are with the accused, not with the crown—

Mr. JACKMAN: All criminal law is that way.

Mr. ILSLEY: Oh, no.

Mr. SLAGHT: This is not criminal law.

Mr. ILSLEY: Where the means of knowledge are with the accused, the crown establishes the facts that point to an offence, and then the accused comes forward and says "Yes, it is true that property is left out, but I did not know anything about it". If he shows that, he is free. But the section will be almost meaningless so far as executors are concerned. I do not think there would ever be a prosecution against an executor if the burden is cast on the crown of proving that there was an intentional omission. There is complete protection to the executor. All he needs to do is to say, and to swear in such a way that he is believed, that he did not know about it, and submit himself to cross-examination. In most criminal law the situation is entirely different. There you have to prove the offence.

Mr. HANSON (York-Sunbury): *Mens rea.*

Mr. ILSLEY: Well, *mens rea* is apparent in most crime. If someone walks off with your property and has it, you show that you missed it and found it in his possession; *mens rea* is shown by that. Here *mens rea* would not be assumed from omission to make disclosure. All the crown can do to protect itself is to say that property was left out, that the return shows $50,000 worth of property while there is actually a million dollars' worth. If there is no explanation, the individual is prosecuted, and if he gives a satisfactory explanation in court he may be acquitted. I think it is a case where the burden should be on him.

Mr. HANSON (York-Sunbury): I do not agree. A man making a statement of that kind will have to swear to it, will he not, under the forms that are proposed?

Mr. ILSLEY: I do not know.

Mr. HANSON (York-Sunbury): They do in the provinces.

Mr. SLAGHT: Yes; the executor's oath.

Mr. HANSON (York-Sunbury): It is all under oath as far as the executor is concerned, and under provincial legislation he is the only one who has to file a statement.

Mr. ILSLEY: I do not think any oath is required under this act. There is no oath in the income tax returns.

Mr. HANSON (York-Sunbury): Unfortunately there is an oath in some of the municipal income tax legislation with which we have to deal in our part of the country, and sometimes it gives me great anxiety. But this is an absolute reversal of the common law principle, and I do not think the minister has yet adduced an argument in favour of that reversal, except that it will be easier for the crown if it is left in this form. Changing the burden of proof is nearly always a dangerous thing. The crown has to establish a prima facie case; then the onus shifts and the executor may have to meet it, by the ordinary rules of evidence; and I think those ordinary rules ought to obtain. I am not going to fight this thing out, although it is a matter of principle. I would not hope to convince the minister, though I do not say that in any derogatory sense at all, because I find that on occasion the minister is amenable to suggestion, argument and reason. I do ask him to reconsider this provision, and I will put my request as respectfully and pleasantly as I can. I do not like the insertion of the principle proposed in the amendment.

Mr. ILSLEY: My difficulty with it as it stands is that there is no *mens rea* to be inferred from the mere proof of the fact that certain property was not disclosed in the statement. In the ordinary crime *mens rea* is to be inferred from certain facts. Let us say A hits B. You may assume that he intended to hit him; that is pretty clear. Suppose A kills B. Then you assume that it was negligent, intentional or accidental, depending upon the circumstances, and from those circumstances you may discover what was the state of mind. But there is nothing to be inferred from the mere non-disclosure. All this amendment says is that intention not to disclose is to be inferred from non-disclosure; that is all. Then the executor can come along and say, "I did not intend non-disclosure. It was a mistake. I did not know anything about the property." Once he establishes that he is free.

Mr. SLAGHT: I want to direct the minister's attention to another aspect of section 16 which I had not noticed when I addressed the Chair a moment ago, and suggest that it should be amended. The penalty for non-disclosure is described in line 31 as—

> . . . as a penalty an amount equal to one hundred per centum of the amount of the duty levied. . . .

I suggest that this should read "an amount not exceeding one hundred per centum." There is no leeway, no latitude at all; the penalty is statutory and, if this provision remains, must be the full one hundred per cent payable by an executor. That payment might bankrupt him; it might take all he had in the world if he had to pay the full one hundred per cent. Under those circumstances any tribunal dealing with the matter would feel that something less than one hundred per cent was a proper punishment. Why not make it human by leaving some discretion? If the minister should agree with me it could be amended quite simply by striking out the words "equal to" and substituting therefor the words "not exceeding." The provision then would read "as a penalty an amount not exceeding one hundred per centum of the amount of the duty levied."

Mr. HANSON (York-Sunbury): I think that is a reasonable suggestion.

Mr. ILSLEY: It may be that this suggestion can be accepted; I do not know at the moment. The difficulty is that we are dealing with an executor and a successor. I recall that under the succession duty act of Nova Scotia I always thought that if the successor left out property, just did not disclose it or kept it to himself—and there is a tremendous temptation to do that, especially in the case of gifts; it is a real evil, and is not anything that we can compromise with if we are to administer the law thoroughly—then the penalty was one hundred per cent. I think that provision runs through all these acts.

Mr. SLAGHT: No. If I remember rightly the Ontario act leaves a discretion.

Mr. ILSLEY: Well, let us see. I have the act here:

> Every person in Ontario mentioned in subsections 1 and 2 of section 12 who fails to disclose to the treasurer any property passing on the death of the deceased or any disposition, which such person is required to disclose in accordance with the provisions of section 12, shall pay to the treasurer as a penalty an amount equal to one hundred per centum of the amount of the duty levied on such property or with respect to the transmission of such property or with respect to such disposition.

I am not so clear as to the necessity of being so severe with the executor; but in connection with the successor I feel sure that we must maintain this heavy penalty in order to get full disclosure. The temptation is so terrific not to disclose.

Mr. HANSON (York-Sunbury): This deals only with an executor, does it? There may be some distinction in regard to the successor.

Mr. ILSLEY: No, the section deals with both.

Mr. STIRLING: Has the minister explained to the committee his reasons for proposing this considerable stiffening which is contained in the amendment?

Mr. ILSLEY: Oh, yes; I have been explaining it. My reason for proposing the amendment is that the means of knowledge is in the executor, not in the crown; that the mere fact of the executor filing a statement leaving out certain property does not give ground for the inference that he did so knowingly, and therefore if he is only punishable for doing so knowingly the crown must not only prove that he left it out but must prove a further fact which is very difficult to establish. It must prove some conversation, or some inspection.

Mr. STIRLING: It must prove that he did know?

Mr. ILSLEY: Yes, prove that somebody told him about it or that he saw it. He might have seen it late at night; he might have been told about it secretly, and the crown never would be able to prove that knowledge.

Mr. SLAGHT: Why should he be held liable if it cannot be established that it did come to his attention?

Mr. ILSLEY: He is the person who can do the showing. There should be the inference that if the property is left out, that would be prima facie evidence that it was left out knowingly. Then there is provision under which if it is shown that it was not known, penalty is escaped. With this stiff penalty in the statute there would be a disposition in the courts to be very fair to executors. I should think an executor's statement under oath that he did not know about it would in every case be sufficient, because executors as a class are of high integrity. I should think there would be no prosecutions except in cases where the department was completely satisfied that an executor was guilty of some rascality, that a return had been filed in which there were omissions, and in connection with which property had afterward been found. If the executor says that he did not know about the property, that might be the end of it.

Mr. HANSON (York-Sunbury): The minister indicates by his statement that there is a difference between a successor and an executor. With that we all agree. The last point made by the hon. member for Parry Sound is sound, if I may say so, because they are in a different position. Why should an executor be subject to as high a penalty as a successor? I am trying to think of an estate where an executor might be, we will say, a stranger. In good faith he gets all the information he can get, but something may not be brought to his attention—possibly a gift made some years earlier. It may have been forgotten. When the matter is stirred up and comes to the knowledge of the crown, information is demanded from him under the next succeeding section. It may then develop that he knew about it. I can see the distinction between the successor and the executor, but I do not think the executor should be subject to as stiff a penalty as a successor.

Mr. ILSLEY: In the Ontario act apparently the executor and the successor are treated alike, and there is no provision requiring proof of knowledge. Further, there is no provision such as we are putting in our measure whereby he can escape. It may be that the courts themselves will say that if there is no *mens rea* there should be no penalty; I do not know. But apparently the draftsman of the Ontario act did not feel there was anything wrong about imposing a penalty for non-disclosure.

Mr. SLAGHT: Harsh provisions are found in many of the provinces.

Mr. HANSON (York-Sunbury): That is true.

Mr. ILSLEY: Certainly a harsh provision for non-disclosure by a successor is required, because he would know what property existed. And very often he does not intend to tell.

Mr. HANSON (York-Sunbury): I shall not discuss the matter at greater length. I will say, however, that if we keep on with this kind of legislation we are going to drive people to dishonesty—people who do not want to be dishonest, but who are not going to be robbed, as they say, by taxing authorities. They are going to hide and to secrete. Some people will do that; of course all will not. But it is the tendency in connection with this kind of legislation; it will make people dishonest.

Mr. MACDONALD (Halifax): Reputable executors would not do it.

Mr. HANSON (York-Sunbury): Trust companies will protect their own reputations, of course. But I deprecate this type of legislation, especially as it applies against the representatives of a testator. If a successor is a blood successor he has more knowledge, of course. But I am not going to defend his position. In any case the minister might consider the possibility of giving the court some leeway so that it need not exact the full penalty.

Mr. ILSLEY: The word "or" in line 31 should be "to." It is only a clerical error, and I would ask that the change be made.

Mr. JACKMAN: What is the amount of diligence required by an executor tracing the assets of an estate? There may be cases where executors are appointed because they do not know a great deal about the history of the affairs of the deceased. This section would seem to leave in the air just the degree of diligence required by an executor. If an asset is found after the estate has been closed, it may be that a court would say, "You did not inquire as fully as you should into the affairs of the estate." In that case he would be liable to penalty.

Mr. ILSLEY: No, in such circumstances he would not necessarily be liable. He is not liable to penalty unless his omission to disclose was intentional. If it was due merely to negligence, he is not liable.

Mr. HANSON (York-Sunbury): I have in mind a case in which I was an executor. In that estate I found a stock certificate for so many shares in a certain company. To my horror, within a month I discovered another certificate for shares in the same company, and this happened after I had settled the duties with the Quebec government. I assure hon. members that I was diligent in bringing the matter to the attention of the authorities and filing a supplementary return, because I was afraid of what might happen.

It would seem, therefore, that an executor has to be alert. That, I believe, is the answer to my colleague's question.

Section agreed to.

On section 17—Demand for information.

Mr. MACDONALD (Brantford City): It seems to me the provision of this section is quite arbitrary, as indeed are the provisions of some other sections. It provides for the mailing of notice by registered mail, and for taking proceedings on affidavit of the commissioner that the notice was mailed. If I may again anticipate, the last line of section 19 provides for the mailing of the demand by registered letter. In no case is it necessary to show receipt of the notice by the person against whom action should be taken. It seems to me that no action should be taken against anyone under this measure unless the commissioner can establish not only that the notice was sent by registered letter but also that it was received by the person against whom action was taken.

Mr. HANSON (York-Sunbury): The hon. member is arguing for actual notice as opposed to constructive notice?

Mr. MACDONALD (Brantford City): Yes.

Mr. ILSLEY: This provision is taken from the Income War Tax Act. There has never been any difficulty in connection with it. Theoretically a commissioner or some other officer of the Department of National Revenue might make an affidavit that it was sent by registered mail, and he might not verify its receipt. But practically that would never happen. The reason it is sent by registered mail is that the person to whom it is sent may sign for it.

Mr. HANSON (York-Sunbury): Not necessarily; it might be a clerk.

Mr. CASGRAIN: I think there is a provision in the post office regulations under which when a fee of fifteen or twenty cents is paid the letter is delivered and a receipt obtained, signed by the person who receives the letter.

Mr. CASSELMAN: But you still do not get the signature.

Mr. CASGRAIN: The post office obtains it when this fee is paid. Once I had a case in court which my client lost because he could not prove that a letter had been received. The post office is authorized to issue such special receipts.

Mr. HAZEN: Perhaps the words "with an official receipt" could be added after the words "registered letter" in line 44.

Mr. HANSON (York-Sunbury): This is the practice followed by the income tax division. Perhaps the minister could tell us if any injustices have occurred by the use of this method of notification. The experience of that division would be the answer. There is no doubt that this is only constructive notice; before any penalty could be incurred a man would have to receive an actual notice.

Mr. ILSLEY: This is the section that has been in use since 1917 in the income tax legislation. The commissioner tells me that when he goes into court he produces the signature of the person to whom the notice is sent. I do not know whether it is necessary or not.

Mr. HANSON (York-Sunbury): I do not think it is of great importance.

Section agreed to.

Section 18 agreed to.

On section 19—Production of documents.

Mr. HANSON (York-Sunbury): Is this the first section in which provision is made for production on oath?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): The statements may be required to be given under oath?

Mr. ILSLEY: That is correct.

Mr. HANSON (York-Sunbury): I think that is a much better practice than obtains in the provinces. I ask hon. members to take a succession duty affidavit of value and note what executors must swear to; they must swear not only to facts, but to legal statements. I always thought that some of the forms were quite improper, that they went too far. Here if a man makes a wrong statement, he does so at his peril, but he is not committing perjury.

Mr. MACDONALD (Brantford City): Is there an affidavit on the original statement filed?

Mr. ILSLEY: No.

Section agreed to.

On section 20—Inquiry as to property.

Mr. HANSON (York-Sunbury): This section has given me some cause for thought. It reads:

> Any officer of the Department of National Revenue or any other person authorized thereto by the minister may make such inquiry as such officer or person may deem necessary for ascertaining the property included in a succession, and for the purposes of such inquiry such officer or person shall have all the powers and authority of a commissioner appointed under Part I of the Inquiries Act.

I do not know enough about the other taxing statutes of the crown to say whether this is the universal practice. I would direct the attention of hon. gentlemen to sections 2, 3, 4 and 5 of the Inquiries Act, which is chapter 99 of the revised statutes of Canada, 1927. These sections provide for wide powers to be given to anyone in the department. To take an extreme case, it might be an office boy, but I do not think for one minute the commissioner or the minister would do that. However, I think this section is too wide open. Someone ought to be designated; the section should be limited to senior officials of the department or to some judicial officer. The Inquiries Act provides that a commissioner acting thereunder shall have the power of summoning before him any witnesses, and of requiring them to give evidence under oath, or on solemn affirmation, and orally or in writing, and to produce such documents and things as may be deemed requisite to the full investigation of the matters into which he is appointed to examine. Then in addition to that the officer of the department would be in the position of a prosecutor and, it may be, of a judge. I should like to see this section more limited in scope as to those who may be appointed. I admit that the minister must have some power of investigation under oath, but I do not think it should be left as wide open as this.

Mr. ILSLEY: The minister must take some responsibility. I have signed appointments of lawyers and others under the Income War Tax Act, and I always looked into their qualifications carefully because I wanted them to have sufficient ability and standing in the community to command respect in carrying out the investigations. Those are the considerations that guide the ministers. They sign the appointments of the persons whom they want to make the investigations, and very often they want a barrister or a solicitor.

Mr. HANSON (York-Sunbury): Somebody with experience.

Mr. ILSLEY: These investigations are sometimes difficult to conduct. This is the income tax provision.

Mr. HANSON (York-Sunbury): I agree with what the minister has said as to the practice in the past, with one exception. When you appoint a man because of his political partisanship you appoint the type of man who will get his man.

An hon. MEMBER: Not this government.

Mr. HANSON (York-Sunbury): I am not saying this government—all governments.

Mr. MARTIN: Not this government.

Mr. HANSON (York-Sunbury): I could tell of some raw deals which have been perpetrated by this government.

Mr. SLAGHT: The practice in Ontario is generally to appoint an accountant, sometimes an employee of the succession duty branch, although at times outside accountants are engaged.

Mr. CASSELMAN: Do they not usually work in pairs?

Mr. SLAGHT: The Ontario act contains a similar provision, to which the minister referred just a moment ago while we were discussing another section. While it does not offer a real guide, it hedges it around by providing that where the treasurer for any reason is not satisfied that he is in possession of all the facts necessary, he may appoint a commissioner to make an examination, investigation or inquiry and give directions for the purpose of obtaining information. Under that provision, frequently or at times, accountants and officials are sent into offices of bond dealers, for instance, who have nothing

to do with the inquiry other than that they may have in past years transacted business for the deceased. I am not just sure who are the officers of this department. If they are confined to a limited number of gentlemen at the top, I do not see any danger in the provision as it stands. But if "officer of the department" is a broad term, one would think there should be the safeguard of the minister's authority in writing for appointing such an officer, who, after he is appointed, has very wide powers of going into a complete stranger's office and demanding to see every note in his books extending back over the years. There should be the safeguard of the sanctity of appointment by the minister, just as an officer executing a search warrant under the code must have his appointment over the signature of a justice of the peace or a magistrate.

Mr. HANSON (York-Sunbury): I have had sent down from my office a copy of the Income War Tax Act consolidation of September, 1940, and this section is comparable with section 45 of the Income War Tax Act as it now stands, which provides not that any officer of the Department of National Revenue or other person authorized by the minister shall make such inquiry, but "any officer authorized thereto by the minister." That is limited to a direct authorization by the minister in a given case, but section 20 of this bill is a blanket provision.

Mr. ILSLEY: That was not intended. It is intended that the minister's authorization shall apply in both cases.

Mr. HANSON (York-Sunbury): That is not what the section says. Section 20 says distinctly: "Any officer of the Department of National Revenue"—and it gives an alternative—"or any other person authorized thereto by the minister may make such inquiry." Leave the alternative out. The provision in the Income War Tax Act is much better. It reads: "any officer authorized thereto by the minister." In each case the minister is to designate the officer, but the way section 20 is drafted that is not the situation. I submit that with confidence to the minister.

Mr. ILSLEY: It is intended to be the way the hon. gentleman wants it.

Mr. HANSON (York-Sunbury): Then let us make it that way. It will be an improvement. It will then read:

> Any officer of the Department of National Revenue authorized thereto by the minister or any other person authorized thereto by the minister. . . .

Mr. ILSLEY: It is suggested that we strike out the words "officer of the Department of National Revenue."

Mr. SLAGHT: I think it is better to leave that in, if it is hedged around with written authority to the officer from the minister. The department has accountants, and in practice they would be the best men to do this work.

Mr. HANSON (York-Sunbury): In every case there should be authorization by the minister. Perhaps the section had better stand and be redrafted by the officials.

Mr. ILSLEY: I think we can fix it now. The changes required are very simple. I would ask my colleague to move:

> That section 20 be amended by striking out in line 26 the words "officer of the Department of National Revenue or any other," and inserting the words "in writing" after the word "minister" in line 27, deleting the words "officer or" in line 28 and again in lines 30 and 31.

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

The CHAIRMAN: The section as proposed to be amended will then read:

> Any person authorized thereto by the minister in writing may make such inquiry as such person may deem necessary for ascertaining the property included in a succession, and for the purposes of such inquiry such person shall have all the powers and authority of a commissioner appointed under part I of the Inquiries Act.

Amendment agreed to.

Section as amended agreed to.

Section 21 agreed to.

On section 22—Assessment and notice thereof.

Mr. HANSON (York-Sunbury): This is the practice of the income tax office?

Mr. ILSLEY: Yes.

Section agreed to.

On section 23—Continuation of liability to duty.

Mr. HANSON (York-Sunbury): There does not seem to be any suggestion of finality in connection with any assessment. I do not like to go into what we all know about the history of these matters in certain of the provinces—

Mr. SLAGHT: Pretty healthy, some of them.

Mr. HANSON (York-Sunbury): They seem to be quite active to-day and yesterday. Apparently this section proceeds on the theory

that the principle of estoppel does not operate against the crown. There ought to be some finality about these matters. It is false doctrine that the principle of estoppel does not operate against the crown. That doctrine goes back to the days of the divine right of kings and the theory that the king can do no wrong. We know now that the king, the crown, the government, operate through individuals, and the crown should be bound by the acts of its individual servants. I should like to see some limitation put on this section. As it stands now, it is capable of great abuse, not at the hands of the present minister or the commissioner—I make that plural—but without just saying it in so many words this is a terrible power to give to officialdom, bureaucracy, if they want to use it. Surely there should be some limitation of time. That is the only suggestion I make with regard to this section, that an estate shall not be opened after a certain period of time, that the doctrine of estoppel should apply against the crown. That, in brief, is my submission on this section.

Mr. ILSLEY: I do not think this is a question of estoppel. The reason why the crown want the power to reassess is that they may get more information, information that was kept from them.

Mr. HANSON (York-Sunbury): I agree that they should have that, but this is unlimited. It says, "may at any time."

Mr. ILSLEY: Those are the income tax sections. That point has, I know, been raised by taxpayers; it has annoyed income tax payers very much that the crown got wind, a good many years afterwards, of some income, which they had not said anything about, and went back at them for it. I myself, however, do not have very much sympathy with them. I think they should have said something about it.

Mr. HANSON (York-Sunbury): That is a case of fraud.

Mr. GIBSON: Or accident.

Mr. HANSON (York-Sunbury): I suggest that fraud vitiates everything.

Mr. GIBSON: It might be accident.

Mr. HANSON (York-Sunbury): Yes; but that is not fraud. If it occurs through inadvertence, that is another matter. I agree with the minister that in cases of fraud the matter should be reopened. Fraud should vitiate everything; it does, in law; and I would not ask protection for anybody in cases of that kind. If, however, as the Minister of National Revenue suggests, the matter is one of inadvertence, arising after a period of years, when all the estate has been distributed, and perhaps redistributed—such things have happened—a grave case of hardship is created. My suggestion is that the minister put in a limitation of time, except for fraud. To my mind that is fair as between the crown and the taxpayer. Make the time ten years, if you want to, or five years; I do not know which should be adopted. But I do not like this wide open provision, because I understand it has been subject to great abuse.

Mr. ROSS (Calgary East): Suppose that some years later property turns up about which the executor or administrator knew nothing.

Mr. HANSON (York-Sunbury): He should report it, of course, and he will, in the case of a trust company.

Mr. ROSS (Calgary East): Not if the estate is closed.

Mr. ILSLEY: But a limitation would prevent it from being dutiable.

Mr. HANSON (York-Sunbury): Well, say six years. We bar common law debts after six years. It is not a violation of any principle to bar a debt. We have had statutes of limitation for years and years. Men of honourable character do not take advantage of the statute of limitations. I recall, however, that in defending a case against the crown in the exchequer court, I raised the statute of limitations—twenty years in the case of real property—and when counsel for the plaintiff attacked me for doing so, the judge on the bench upheld me and said that the crown did it regularly. I did not know that at the time, but it was a defence open to me, and I took it. I do not see why the same provision should not apply here. I am not, however, going to labour the point.

Mr. SLAGHT: My suggestion is along similar lines, that beyond ten years there should be discharge in full of an estate except for fraud. I suggest that the minister might consider inserting at line 8, on page 13 of the bill, after the words "may at any time", the words, "within ten years, if in his opinion any fraud has previously prevailed", assess, re-assess, and so forth. That would give a ten-year limitation and would confine opening up to a case of fraud. It would not, of course, cover cases of accident which, one could conceive, might happen.

Mr. WHITE: Later in the bill, section 35 provides for a certificate of discharge; it states that if the certificate is given, the person named therein is not liable for any further duty. Under section 23, are we to

understand that, after such certificate has been given, the dominion succession duty department will still have power to re-assess and levy further duty?

Mr. SLAGHT: That is the way it worked out in Ontario.

Mr. WHITE: That is exactly the point I was going to bring up next.

Mr. SLAGHT: The section meant nothing, and a similar provision for opening up was invoked.

Mr. ILSLEY: I do not know what section 35 does. It states that there is no discharge if there is fraud, but I do not think there is any discharge anyway.

Mr. HANSON (York-Sunbury): Is there no finality?

Mr. MARTIN: To what section is the hon. member referring?

Mr. HANSON (York-Sunbury): Section 35. That refers to the certificate of discharge.

Mr. WHITE: The executor must be released in some way, because he would not be able to distribute the estate until he was satisfied that he had made final settlement with the succession duty office.

Mr. HANSON (York-Sunbury): This provides that there shall be no discharge if there has been fraud.

Mr. SLAGHT: I think sections 35 and 23 need some adjustment.

Mr. HANSON (York-Sunbury): So do I.

Mr. ILSLEY: In my opinion the meaning of section 35 is this, that the certificate of discharge acts as a discharge except in the case of fraud or failure to disclose material facts.

Mr. HANSON (York-Sunbury): Then, does the minister suggest that section 35 would override section 23, as being a subsequent section? That is quite a nice point of interpretation.

Mr. SLAGHT: That difficulty would be removed by the insertion, at the beginning of section 23, of the words, "subject to the provisions of section 35."

Mr. HANSON (York-Sunbury): Yes. These are very nice questions, and they should be settled.

Mr. ILSLEY: Well, "subject to the provisions of section 35" could be inserted at the beginning of section 23.

Mr. CASGRAIN: I move accordingly.

Mr. HANSON (York-Sunbury): Would that cover the point we raised about finality?

Mr. ILSLEY: It does not relieve in cases of failure to disclose, or fraud; the estate can be reopened at any time before or after a ten-year period, and I think that is the way it ought to be. I do not agree that one can fix a definite period.

Mr. HANSON (York-Sunbury): The only thing that might reopen it would be a question of valuations of disclosed assets. Assume, for instance, that the value of the stock of a company not listed, owned by an estate, was fixed and agreed upon between the department and the representatives of the estate, and that, after duty had been paid, somebody came along and said, "Oh, that stock is worth a great deal more than that". Such things have happened. Let us say that some enemy of the testator wrote making the allegation that the shares were worth, not the stated valuation but a much higher valuation; then the department starts an investigation, and, upon a preconceived theory that there has been an undervaluation, it says, "We want thus much money from you."

That is what is happening in Ontario. That has happened here in Ottawa, without any real justification. Shares in what is commonly known as a family company—not technically a family company—have in many respects no market value; there is no market for them. They have intrinsic value, but no market value. Who wants to buy in a minority interest in a family company of which he has no control, no say in the management, no possibility of electing a director? Yet the intrinsic value of the shares might be high. There is a marked distinction between market value and intrinsic value in respect of that kind of property. I have seen it happen that a man bought a minority interest in a company in the expectation that, having put his money in, he would get employment in the company and eventually succeed to the ownership, but subsequently he was squeezed out by the majority holder and just could not sell his shares at all. I remember a case in my own practice. The intrinsic value was there, but he could not sell to anyone except the majority holder, who gave him what he pleased for it. That is what may happen here. I do not know how the minister is going to deal with it; I hope he will view it with decent leniency, that is all.

Mr. ILSLEY: There are fairly liberal provisions for appeal on the question of value.

Mr. HANSON (York-Sunbury): Oh, yes, but appeal is always costly.

Amendment agreed to.

Section as amended agreed to.

On section 24—When duties payable.

Mr. HANSON (York-Sunbury): The period of time is the same as for the filing of a statement. In other words, the duty is to be paid at the same time as the statement is filed; is that the procedure?

Mr. ILSLEY: That is right.

Mr. HANSON (York-Sunbury): I would suggest that it should be payable within thirty days after the assessment. That would be fair. Then a person has six months to get ready to file his assessment. The assessment should be made with reasonable promptness; within thirty days after that the bill would be payable, and if it is not paid within thirty days, interest accrues. That would be a decent thing for the taxpayer, especially if he has to liquidate. The minister should give consideration to that suggestion. It is a little change, a little concession to the taxpayer, and not much loss to the government.

Mr. ROSS (Calgary East): He gets six months without interest.

Mr. HANSON (York-Sunbury): It takes six months to get liquidated.

Mr. ILSLEY: In most provinces, if the duty is not paid within six months I think it bears interest from the date of decease.

Mr. HANSON (York-Sunbury): Well, thanks for that much.

Mr. ILSLEY: If we made it payable after assessment, there might be cases in which delay in assessment would be inevitable for a year or two.

Mr. HANSON (York-Sunbury): If the assessment cannot be arrived at, the debt is not adjusted. It is not a liquidated amount. Why should it begin to bear interest? If I have an open account with someone, in common law it does not bear interest unless and until there has been a settlement and account stated. Then, in some jurisdictions it begins to bear interest. This is a departure from the ordinary common-law principle. It is a taxation measure and is all in favour of the crown. I suggest that there would be no harm to the treasury if a little more consideration were given to the taxpayer. I have not heard any hon. member opposite speaking in favour of the taxpayer, except the hon. member for Parry Sound, and now he has deserted.

Mr. ILSLEY: My complaint about the opposition is that I never hear anyone speaking for the taxpayer.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): Then indeed I have failed in my function.

Mr. ILSLEY: I mean the taxpayers generally.

Mr. HANSON (York-Sunbury): I do not apprehend.

Mr. ILSLEY: I refer to the crown. We are talking as if the crown here were some enemy of mankind. The crown is the taxpayers, the people of Canada.

Mr. HANSON (York-Sunbury): That is the theory.

Mr. McCUAIG: The practice in Ontario usually is that the executor makes a deposit with the succession duty department, and I presume the same practice will be carried out with respect to this legislation. If the assessment is not completed until after six months, no interest would be chargeable because the department would have the deposit of the executor.

Mr. MACDONALD (Brantford City): In fact, the province of Ontario go further; they allow interest on the money deposited up to the time the duty is payable.

Mr. CASSELMAN: In many instances it will be found that an estate is not in possession of liquid funds with which to pay the money; it may have no bonds that it can dispose of. One difficulty under this section is that if the taxing authority delays the settlement for a period of six months and if the money has not been paid in but a bond given to secure it, then the taxpayer is forced to pay interest because of the action of the government. Therefore, if there could be in this section something to the effect, "within six months or within a period of one or two months after the settlement has been arrived at by the government," I do not think there would be any hardship one way or the other.

Mr. ILSLEY: It would never do. Take income tax. I keep thinking about that because I have had experience with it. If we had a provision that interest did not run until the tax was assessed by the department, why should anyone pay any income tax by April 30? They have to make a stab at it themselves, estimate their tax and pay it; otherwise we could not get money in, could not carry on the services of the country. We count on a very large sum of money coming in around April 30.

Mr. HANSON (York-Sunbury): The two cases are not quite analogous.

Mr. ILSLEY: Yes; it is the same principle exactly. There is no hardship on the taxpayer; he knows pretty nearly what the succession duty is, and he can pay within six months and stop interest. Then, if he is assessed for more, and that assessment comes along a year later, he pays interest, I assume, on the balance, and if it is less, he gets a return. I am sure that is the only way the matter could be administered. It would not do to make the interest run only from the date of assessment, which might in cases of difficulty be long delayed.

Mr. BOUCHER: The minister does not quite appreciate the difference between the two positions. In the case of income tax the department has no knowledge on which to estimate what the tax would be. In the case of an estate, however, there is a penalty if the information is not given to the department. They have the information; they may delay a considerable length of time before they actually assess and, after they assess, there may be considerable delay on the part of those who have to pay, in getting the available funds. The department could delay for two or three or five or six months in assessing the tax chargeable and then turn round and charge interest, which is really a penalty on the taxpayer for the department's own fault. That is the case exactly.

Mr. GIBSON: If the succession duty is not paid at the end of six months, the person who should have paid the duty at that time may be presumed to be receiving interest on that amount of money, and therefore the income he receives from it offsets the interest he would be paying to the government.

Mr. HANSON (York-Sunbury): That might be so in a given case, but the two positions are not analogous. Income tax is paid annually. This is one payment, once and for all; you do not get any more out of that estate. There will be delay in the initial stages in getting any revenue from this source; there will be delay at the start until the revenue begins to accrue. If you give a little more leeway with regard to payment after the first six months, when that period is exhausted the thing begins to roll automatically. The minister's distinction does not carry any conviction with me, except for a limited period of time in the initial stages of the development and collection of this tax.

Mr. MACDONALD (Halifax): I suggest that if the crown has to wait for payment of the succession duty until an estate is settled, in many cases that duty will never be paid. I know that in my own province an executor may close an estate within six months, but he is not compelled to do so. The result is that many estates, and particularly small estates, are never formally closed in the probate court. We might say six months or even eight or nine months, but there must be some definite time fixed, and in the circumstances six months seems quite a reasonable time. I do not see any particular objection to this provision.

Section agreed to.

Section 25 agreed to.

On section 26—Security.

Mr. HANSON (York-Sunbury): Is this going to be limited to security provided by a guarantee company or a bank, or will personal security be accepted? Let us have a declaration as to that.

Mr. MACDONALD (Brantford City): The practice in some provinces is to deposit with the department such security as bonds and so forth.

Mr. ILSLEY: It may be any security satisfactory to the minister. I cannot make it any more definite than that.

Section agreed to.

Section 27 agreed to.

On section 28—Interests in expectancy.

Mr. HANSON (York-Sunbury): Is this the standard system of computing these interests? Is this the British practice, the Ontario practice, or what is it?

Mr. ILSLEY: This is the standard system followed in all the provinces.

Section agreed to.

Sections 29, 30 and 31 agreed to.

On section 32—Composition.

Mr. HANSON (York-Sunbury): This gives the minister the right of composition?

Mr. ILSLEY: Yes.

Section agreed to.

Sections 33 and 34 agreed to.

On section 35—Certificate of discharge.

Mr. HANSON (York-Sunbury): What will be the practice with respect to waivers? When an executor takes charge of an estate he looks to the most liquid assets with which to discharge the immediate obligations, which in the first place are the funeral and testamentary expenses and thereafter provision for the maintenance of the widow, if that is pressing. But one of the most important things about which he has to think is the succession duty. In some jurisdictions the executor is entitled

to access to the safety deposit vault of a testator, to be opened under the eye of the manager of the bank or trust company, usually; and in some jurisdictions this is done in the presence of a representative of the treasury. The executor is not allowed to take out anything, as I understand the practice, except the will and, in some instances, the life insurance policies. I think it is absolutely necessary that he should have the right to do that.

What I am coming to is this. Before he can liquidate sufficient assets to take care of these pressing charges, he must have a waiver from the department. In many instances this must be obtained even before the insurance companies will pay the life insurance. What provision is there in the statute—I do not know where else I could ask for it—to take care of that situation; and what process will an executor have to go through in order to expedite the business that I have attempted to indicate will be necessary to be transacted in order to get in this money? In practice, will provision be made for the delivery to executors, before duties are paid or security is given, of waivers in respect of particular rights intended to be liquidated? That is important in actual practice, as any solicitor will advise the minister.

Mr. ILSLEY: Sections 49 and 50 provide for consent in writing by the minister or his representative.

Mr. HANSON (York-Sunbury): Then the situation I have attempted to visualize will be taken care of in succeeding sections?

Mr. ILSLEY: Yes.

Mr. JACKMAN: In reference to section 34, just how is the minister going to determine what rate of interest should be allowed in the calculation of the present value of the annuities, incomes and so forth? It makes a great difference what will be the base rate, or what will be the principles determining the amount to be taxed.

Mr. ILSLEY: I assume the commissioner would take the advice of the superintendent of insurance, and apply the prevailing rate.

Section agreed to.

Section 36 agreed to.

On section 37—Decision of minister to affirm or amend.

Mr. MARTIN: Is there any provision in the bill for overpayments or mistaken payments?

Mr. ILSLEY: Yes; subsection 4 of section 35.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): Will the minister give us some assurance that these appeals will be considered personally, or will it be a matter of departmental routine as under the identical section of the income tax act? I understand the commissioner, under authority delegated to him by the minister, determines the appeal. I may be quite wrong in that. But does the minister have anything personally to do with it? When a power of this kind is specifically delegated to the minister, I suggest that he is under obligation to exercise it himself. What is the custom in the department in respect of the income tax act, and what would be the practice under this measure? Will the minister himself review the assessments, or will he leave it to the officials who have already made the assessments to review their own assessments? In these last few words I have indicated the weakness of the present position, if, indeed, that is the position.

Mr. ILSLEY: That is about the position.

Mr. HANSON (York-Sunbury): That is no review at all, is it?

Mr. ILSLEY: Well, it may be.

Mr. HANSON (York-Sunbury): It is like it used to be when we went to a judge under the old practice obtaining in the county courts of New Brunswick. In those days a trial would be held before a judge, and then one might have to move for a new trial on a point of misdirection. He would have to go to the same judge, sitting as a judge in banco on his own direction to the jury. We used to have that condition in New Brunswick. I remember only once in my experience when I persuaded a judge to agree that his charge was bad.

Mr. CASSELMAN: He must have forgotten it.

Mr. HANSON (York-Sunbury): I had such a case, and the judge directed a new trial. I agree that possibly the commissioner—and I say this with great respect, applying it not only to the present minister but to his predecessors—knows possibly more about the matter than does the minister. He will not be offended by that statement, because there is nothing personal about it. We are, however, now discussing a provision in the measure which the minister admits is null and void. It might as well be cut out first as last. Is there any merit in it, if it is not carried into effect?

Mr. ROSS (Calgary East): In the income tax act there is an express provision that matters referred to the minister such as those to which the leader of the opposition has been

referring, shall be dealt with by the commissioner. Is there a similar provision in this measure?

Mr. ILSLEY: Section 58 (d) states that the minister may make regulations,—

(d) authorizing the commissioner to exercise such of the powers conferred by this act as may in the opinion of the minister be conveniently exercised by the commissioner.

I suppose that covers it.

Mr. ROSS (Calgary East): Probably it does.

Mr. ILSLEY: It is physically impossible for the minister to consider personally the appeals which come to the income tax branch.

Mr. HANSON (York-Sunbury): Because it is getting so big?

Mr. ILSLEY: Yes. I might say that I signed them. I insisted upon having them sent to me, and I signed them.

Mr. HANSON (York-Sunbury): Did the minister look at them?

Mr. ILSLEY: I tried to, but if I was extremely busy I saved them up, and kept in touch with them. That is about the best I could do. I left it pretty largely to the commissioner and his officers.

Mr. HANSON (York-Sunbury): Maybe it works out all right.

Mr. GIBSON: It is not a case of a man reviewing his own findings, in view of the fact that we have various officers throughout the country. These assessors will make the local findings. If an appeal is lodged, it will come to the head office, and be reviewed by the commissioner.

Mr. HANSON (York-Sunbury): What is the modus operandi under the income tax act? You make up three copies of your report, and send in two. One of them, as I understand it, is retained by the local office, and the other comes to Ottawa. Is the assessment made up in the local office or in Ottawa? Or is it made up in the local office, and then checked and confirmed in Ottawa?

Mr. ILSLEY: It is made up in the local office and approved in Ottawa.

Mr. HANSON (York-Sunbury): Under this provision, then, the assessment will be made up in the local office and approved at head office by the commissioner of income tax, or one of his officers?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): Then this review will come before head office?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): That is illuminating at all events. The system is better than I thought it was.

Section agreed to.

Section 38 agreed to.

On section 39—Security.

Mr. MARTIN: Section 39 (1) is surely open to objection. Many of us quarrel with the preferred position given to the crown in litigation. Here is a position where an appeal is launched, and instead of the court determining the amount of security for costs, that is left theoretically to one of the interested parties, namely, the crown in the name of the minister. I say that is wrong. The section reads:

The party appealing shall thereupon give security for the costs of the appeal to the satisfaction of the minister in a sum of not less than $400.

I say that it should be a sum which, in the event of a dispute, is determined by a judge in chambers. But to leave the determination to one of the contestants in the litigation—because, after all, that is what the minister is—is, to say the least, carrying this principle too far.

Mr. HANSON (York-Sunbury): The hon. member has a point.

Mr. ILSLEY: The question is as to the amount.

Mr. MARTIN: No; it is as to whether the minister should have anything to say about it.

Mr. HANSON (York-Sunbury): This is a minimum amount fixed.

Mr. MARTIN: My objection is not so much as to the amount. I say that the minister should have no right whatsoever to determine in litigation against the crown the security for costs which an appellant should put up. I say, further, that the minister is an interested party, and that the matter should be left to the court, and not to the minister at all.

Mr. HANSON (York-Sunbury): There is no doubt about the soundness of that.

Mr. MACDONALD (Halifax): Except that it would be easier for a litigant to go to the minister than to the court. The section could provide that $400 in cash be provided as security. But to ask anyone appealing from an assessment to make application to a judge of the exchequer court is putting him to about five times as much trouble and expense as would be involved in writing a letter to the Minister of National Revenue.

Mr. HANSON (York-Sunbury): A principle is involved here, and the hon. member for Essex East has stated it clearly. There is no answer to his point. This is wrong, and it will not be found in any other jurisdiction. We do not find another instance where the opponent fixes the amount of security. Surely that is not proper, and the point is certainly unanswerable.

Mr. GRAHAM: I agree that in the whole of the provisions of this revenue-producing legislation there is embodied the principle of which complaint has been made. I believe, however, it has been recognized that in relation to the provisions of this particular type of measure, as they are found in other acts, we are arguing about only a single point in a great number. As a lawyer I should like to see reasonable access to the courts which can best discharge the judicial functions cast upon them, but I long since have given up any hope of that being a feature of a revenue-producing measure. I think we cannot complain of this one instance, if it carries out the principle recognized in the measure.

Mr. MARTIN: I am sorry the hon. member has taken that position, because with the greatest respect to him I say it is a weak position.

Mr. HANSON (York-Sunbury): It is a defeatist position.

Mr. MARTIN: Any lawyer who has had anything to do with the Department of National Revenue—I am not speaking now of any particular minister—knows that he constantly runs up against situations which are so repugnant to our conception of the rule of law that he realizes it is about time someone spoke out openly on this subject. I have in mind a situation which I do not think can be defended upon moral or any other grounds. The Chairman may call me to order, but I should like to mention it because it is brought to my mind by this section. This case involved hundreds of thousands of dollars, and the amount which it was alleged should be paid was paid under protest with the assurance from the then minister that if it should be regarded subsequently as not having been legally due, it would be refunded. Litigation ensued later between other parties, and the privy council held on the very same point that the tax was not due. The crown did not restore that money; the minister's undertaking was never carried out because the court held that the minister speaking for himself could not bind the crown in the absence of an order in council. I know of no principle of justice by which that contention can be supported in any way. Our hon. friends in the corner opposite are for this legislation, and I should like to see them take part in a discussion on these important sections. They are strong for the rule of law; they are strong for the due process of law and all that sort of thing, but here is an opportunity to defend a real principle.

[Mr. W. C. MacDonald.]

Mr. MacINNIS: I think we can very well leave that to hon. friends opposite. It is about time that they defended something, but it is peculiar that they should be defending capitalistic interests, as always.

Mr. MARTIN: I was not defending any capitalistic interest.

Section agreed to.

Sections 40 to 43 inclusive agreed to.

On section 44—Exclusive jurisdiction of exchequer court.

Mr. HANSON (York-Sunbury): Is it quite clear that there is an appeal to the Supreme Court of Canada from the exchequer court as a matter of right? What is the legal position? Let us have it on the record that there is a right of appeal.

Mr. ROSS (Calgary East): Does the Supreme Court of Canada Act not cover that?

Mr. HANSON (York-Sunbury): I should like the minister to say whether there is or is not a right of appeal. My own view is that there is.

Mr. ILSLEY: I always understood that there was. It is just a question of law.

Mr. HANSON (York-Sunbury): I have been asked to find out about it.

Section agreed to.

Sections 45 to 48 inclusive agreed to.

On section 49—Transfer of property without consent of minister prohibited.

Mr. McCUAIG: The leader of the opposition referred to the rule which governs in his province, that nothing shall be taken out of a safety deposit box except the will. I can find nothing in this bill which would permit an executor to take a will from a safety deposit box. In many instances the heirs are leaving for other parts immediately after the funeral, and they are anxious to know what provisions are contained in the will. If there is no provision to permit the safety deposit box to be opened and the will produced, there is likely to be some delay. It may even be that the executor or the executors are at the funeral, and they might have to return afterward.

Mr. ILSLEY: I think it should be provided for.

Mr. HANSON (York-Sunbury): A will is not property; it is not money.

Mr. McCUAIG: Subsection 2 of section 50 states that the box must not be opened until notice is given to the minister.

Mr. HANSON (York-Sunbury): That would be an impossible provision.

Section agreed to.

On section 50—Safety deposit box not to be opened or removed.

Mr. HANSON (York-Sunbury): This creates a most difficult position. How can this section be operated in conjunction with the provisions of the provincial acts? I suggest to the minister that there will be a real difficulty about this. A man may be complying with the provisions of this law and contravening the provincial law. I am not familiar with the operations in Ontario, but I can see trouble ahead. There would not be any trouble in my own province because it is smaller and everything works quite harmoniously; they are all honest people there.

Mr. McCUAIG: My question has not been answered yet.

Mr. ILSLEY: I intimated that the hon. gentleman had made a reasonable suggestion, that it ought to be provided for if it was not. I have been looking at section 50 ever since to see if the executor could not obtain the will from the safety deposit box without giving this ten days' notice. I am afraid he cannot, and we shall have to have an amendment.

Mr. HANSON (York-Sunbury): I think he should be able to get the will immediately.

Mr. ILSLEY: I think the intention of the section was to provide for a ten days' notice in connection with procuring valuables. I have an amendment to propose to section 50 and then I will propose an amendment to cover the point raised by my hon. friend. It is proposed to amend section 50, subsections 1 and 2 by inserting before the word "safety" in line 37 the following words "safe, compartment of a safe, vault, or" and by deleting the words "such safety deposit box" where they occur in the 38th line and the words "a safety deposit box" where they occur in the 43rd and 44th lines and inserting the words "such depository" and by deleting the words "safety deposit box" where they occur in the 2nd line of subsection 2 and inserting the word "depository".

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

Mr. HANSON (York-Sunbury): What is the effect of that?

Mr. ILSLEY: The effect is to extend the class of depositories from safety deposit box to include safe, compartment of a safe and vault.

The CHAIRMAN: I will read the section as proposed to be amended:

50. (1) Unless the consent thereto in writing of the minister or his representative is obtained, no person shall,—

(a) permit the opening of any safe, compartment of a safe, vault or safety deposit box or the removal thereof where such depository contains any negotiable instrument, certificates representing indebtedness under bond or otherwise or representing any holdings of stock, muniment of title, insurance policy or any other property belonging to a deceased person, or permit the withdrawal from such depository of any thing mentioned in this clause; or

(b) deliver up or part with the possession of any property belonging to a deceased person which is at the time of the death of that person held by him for safe keeping.

(2) Notice in writing of the intention to open up any such depository or to withdraw anything therefrom or to deliver up or part with the possession of any property held for safe keeping as aforesaid shall be served on the minister or his representative at least ten days, or other period to which the minister may agree, before such opening, withdrawal, delivery or parting with possession is to take place, and the minister or his representative may attend at the time and place aforesaid and there give a consent in writing thereto, and he may examine the contents thereof, or the minister may give such consent without so attending and examining as herein provided.

Mr. GRAHAM: May I ask the meaning of the words "in writing thereto," referring to the minister or his representative?

Mr. ILSLEY: It is intended to mean the employees of the income tax division who will be in charge of the administration of succession duties. It is really intended to mean the inspector of income tax, but it is not quite limited to him.

Mr. GRAYDON: Duly authorized.

Mr. GRAHAM: I do not find it in the definition clause. Could the commissioner not be anybody nominated as such?

Mr. ILSLEY: Oh, yes, anybody authorized.

Mr. HANSON (York-Sunbury): The state would have the right to be present at the opening of the box. It would be opened at their instance, and they would have the key.

Mr. ILSLEY: Yes.

Amendment agreed to.

Mr. ILSLEY: There is another amendment which I will ask my colleague to move, that subsection 3 of section 50 be amended by adding thereto the following words:

but such penalty shall not apply when the minister is satisfied that the contravention of this section was not wilful and occurred through ignorance of such death.

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

Mr. HANSON (York-Sunbury): What does all that mean? It must be a conjunction of the two, lack of wilfulness and lack of knowledge of the death?

Mr. ILSLEY: Yes. This is the same wording as used at the end of section 49; this makes the wording uniform.

The CHAIRMAN: The subsection as proposed to be amended will read:

Every person who fails to comply with this section shall be guilty of an offence and shall, for each offence, be liable to a penalty of one thousand dollars, and an amount not exceeding the amount of duty levied on or with respect to the properties contained in the safe, compartment of a safe or vault, or safety deposit box, opened or removed in contravention of this section, but such penalty shall not apply when the minister is satisfied that the contravention of this section was not wilful and occurred through ignorance of such death.

Amendment agreed to.

Mr. HANSON (York-Sunbury): I have not had time to study this subsection, but it appears that every person who fails to comply with this section shall be liable to a straight "penalty of one thousand dollars, and an amount not exceeding the amount of duty levied on or with respect to the properties contained in the safe." Why not say "a penalty not exceeding one thousand dollars"?

Mr. POTTIER: That is what it means.

Mr. HANSON (York-Sunbury): It does not mean that. If any penalty is imposed, it must be one thousand dollars.

Mr. POTTIER: I do not think that is the right interpretation.

Mr. HANSON (York-Sunbury): Then let us make it clear that that is not the meaning. Let us say "a penalty not exceeding one thousand dollars."

Mr. ILSLEY: That is all right with me. I think it means that anyway.

Mr. HANSON (York-Sunbury): I move accordingly, Mr. Chairman.

The CHAIRMAN: It is moved to strike out the words "of one" in line 15 and to substitute therefor the words "not exceeding."

Amendment agreed to.

Mr. ILSLEY: To meet the point raised by the hon. gentleman who spoke about a will, perhaps it would be well to add another subsection, although I am not satisfied that it is necessary because the ten days' notice may be shortened. If the hon. gentleman will look at subsection 2, he will see that it provides for a notice of at least ten days or other period to which the minister may agree. That enables the period to be shortened, but to make it clear I propose to amend the section by adding a subsection 4 as follows:

(4) Notwithstanding the provisions of this section the will of the deceased may at any time with the consent of the minister or his representative be removed from such depository.

Mr. ROSS (Calgary East): Probably insurance policies should be removable too.

Mr. ILSLEY: No; they will be dealt with along with the other valuables.

Mr. ROSS (Calgary East): That may be a couple of weeks later, and the policies may expire in the meantime.

Mr. HANSON (York-Sunbury): Why should the will not be delivered automatically without the intervention of the minister at all?

Mr. ILSLEY: The minister must exercise control over the safety deposit box.

Mr. HANSON (York-Sunbury): It should be opened only under supervision. I agree with this principle of safeguarding the taking out of bearer securities and the like of that. The will, however, should automatically come into the possession of the executor, and he should not have to go through too much red tape before he gets it. He may not know who the executor is until the will is opened. Usually these wills are sealed up.

Mr. STIRLING: They have to get the will to find out who the executor is.

Mr. GRAHAM: I agree with the leader of the opposition, because we shall find, under these circumstances, the habit growing up of never putting the will in a safety deposit box, and it is a dangerous practice to keep wills at home or in places where death and the destruction of the will might occur together. The practice in my own province is that the safety deposit box may be opened in the presence of the executor, the solicitor and the bank representative, and the will taken therefrom, and it seems to me that unless that provision is made, the invariable practice will be not to put wills in safety deposit boxes.

Mr. HANSON (York-Sunbury): I will give the hon. member the remedy. Let him advise all his clients to execute their wills in duplicate and leave one with the solicitor and file the other in the bank. It is good practice.

Mr. STIRLING: In the case of the death of an individual when no one is aware who the executor is, who can take action, under this proposed wording? This does happen. I know of a specific case where it caused a great deal of concern.

Mr. HANSON (York-Sunbury): You cannot even get at the box.

Mr. ILSLEY: It should be the person who has the key to the box, not the executor.

Mr. HANSON (York-Sunbury): The will should be delivered only to the executor, not to some person who might not be interested under the will and might do away with it.

Mr. ILSLEY: This does not say anything about the executor. It says that the will may, with the consent of the minister, be removed.

Mr. HANSON (York-Sunbury): And leaves the matter open.

Mr. ILSLEY: I should like to get interim supply through before six o'clock.

Amendment agreed to.

Section as amended agreed to.

Progress reported.

SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Vien in the chair.

INTERIM SUPPLY BILL

Mr. ILSLEY moved:

1. Resolved, that a sum not exceeding $18,862,603.83, being one twelfth of the amount of each of the several items to be voted, as set forth in the estimates for the fiscal year ending 31st March, 1942, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1942.

2. Resolved, that a sum not exceeding $595,102.58, being one-twelfth of the amount of each of the several following items to be voted, as set forth in the estimates for the fiscal year ending 31st March, 1942, laid before the House of Commons at the present session of parliament, in addition to the sum mentioned in resolution No. 1, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1942, namely:—

Votes Nos. 13, 112, 129, 130, 318, 319.

3. Resolved, that a sum not exceeding $252,010.83, being one-sixth of the amount of each of the several following items to be voted, as set forth in the estimates for the fiscal year ending 31st March, 1942, laid before the House of Commons at the present session of parliament, in addition to the sums mentioned in resolutions Nos. 1 and 2, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1942, namely:—

Votes Nos. 103, 143, 177, 178.

Mr. COLDWELL: Of course it is quite impossible for hon. members to follow the numbers which have been read so rapidly, but I take it that the passing of these items will not preclude discussion of any topic which one wishes to raise.

Mr. ILSLEY: That is correct. No item is fully passed.

Mr. HANSON (York-Sunbury): I understand that the motion provides for one-twelfth.

Mr. ILSLEY: And one-sixth, in some instances.

Mr. HANSON (York-Sunbury): Why are there any instances where one-twelfth will not be sufficient? Is this a request of the treasury board, or just what is the position?

Mr. ILSLEY: I cannot tell the hon. gentleman that.

Mr. HANSON (York-Sunbury): Does the minister know what the explanation is?

Mr. ILSLEY: I looked at six items, and all of them seemed to be items where large expenditures would be necessary in the spring.

Mr. HANSON (York-Sunbury): That must be the answer. This is passed without prejudice to any discussion which may take place at a later stage.

Motion agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1942, the sum of $19,709,717.24 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 90, for granting to his majesty certain sums of money for the public service for the financial year ending the 31st March, 1942.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

DOMINION SUCCESSION DUTY ACT

The house resumed consideration in committee of Bill No. 79, to authorize the levying of duties in respect of successions—Mr. Ilsley—Mr. Vien in the chair.

On section 51—Penalty for failure to deliver statement.

Mr. HANSON (York-Sunbury): I am not very familiar with the provisions of the other statutes in this respect. Are these penalties in line with those in other acts? I notice that under subsection 1 the penalty is $10 for each day of default, with a maximum of $1,000, while in subsection 2 the penalty for failure to complete the forms is $10 where the value of the property does not exceed $50,000, and $100 where the value is greater than $50,000. Ten dollars a day seems quite stiff. Is that the usual penalty?

Mr. ILSLEY: I believe so.

Section agreed to.

Section 52 agreed to.

On section 53—False statements.

Mr. NEILL: This seems to be a very severe penalty for what might be a most innocent mistake. These statements have to do with the property left, and so forth, under section 15; a full, itemized inventory of all the property is required, together with the fair market value thereof. How easily one might make a statement not in strict accordance with the truth. How is the market value determined? One man may take the market value from the *Financial Post*; another may get his value somewhere else, and it would be very easy to make what might be technically a false statement. If that happens, the person is liable to a fine of $10,000 or imprisonment for six months, or to both. Within the last two years I had occasion to deal with a matter of this kind, and I know that with the very best intentions I made a statement in reference to the inventory which was not in accordance with the facts. I would suggest that the word "wilfully" be inserted.

Mr. ILSLEY: This would not extend to matters of opinion; this would have reference to the making of a false statement.

Mr. HANSON (York-Sunbury): A statement of fact.

Mr. ILSLEY: Yes, a false statement of fact; and it should be made a serious thing to do that in these succession duty statements. The penalty is a fine not to exceed $10,000, or six months' imprisonment, or both. It is discretionary with the court, but this permits a very heavy penalty which might be imposed in an estate in which hundreds of thousands of dollars were in question and an attempt was made to defraud the crown out of many thousands of dollars.

Mr. HANSON (York-Sunbury): Then it would be done wilfully.

Mr. ILSLEY: I should think it would mean wilfully, anyway.

Mr. HANSON (York-Sunbury): I would suggest that the word "wilfully" ought to be inserted. As this section now reads, a false statement, even made innocently, would render a man liable to conviction, and I do not think it is the intention of the crown to legislate to that extent.

Mr. ILSLEY: I agree to the word "wilfully"; that is what is intended.

Mr. HANSON (York-Sunbury): All right. Would the minister also accept this suggestion, namely, to insert the words "of fact" after the word "statement," to meet the objection raised by the hon. member for Comox-Alberni? Line 39 on page 21 of the bill would then read, "any person wilfully making a false statement of fact," and so forth.

Mr. ILSLEY: I think the insertion of the word "wilfully" is as far as I can go.

Mr. HANSON (York-Sunbury): That is a substantial concession, much more than I had expected to get.

Mr. CASGRAIN: I move:

That section 53 be amended by adding in the first line thereof after the words "any person" the word "wilfully", so that the section would read, "any person wilfully making a false statement".

Amendment agreed to.

Section as amended agreed to.

On section 54.—Secrecy.

Mr. HANSON (York-Sunbury): How is it intended to maintain secrecy; just by the penalty clause? Is any oath exacted from anybody?

Mr. ILSLEY: In the income tax division the oath of secrecy is administered to every employee every four months.

Mr. HANSON (York-Sunbury): That is good; but that is not provided for in this bill, is it?

Mr. ILSLEY: It will be the income tax staff that will administer this measure.

Mr. HANSON (York-Sunbury): Unless the oath is so general as to cover this class of information, I should not think their oath would be binding. If it is necessary to have an oath in connection with the income tax act, it would seem to me absolutely necessary to have one in connection with this measure. I am not so sure that an oath is any more binding on an official than putting him on his honour, but it may be necessary. I am glad to know that the principle of secrecy is observed.

Mr. ILSLEY: The same practice will be followed in connection with this measure as is followed in the income tax act.

On section 55—Information to be laid by minister.

Mr. HANSON (York-Sunbury): I suggest that the section might read "authorized thereunto in writing by the minister."

Mr. ILSLEY: All that is affected is an information or a complaint, and in my opinion it is going pretty far to provide that it is to be authorized by the minister.

Mr. HANSON (York-Sunbury): I would be satisfied if it were authorized by the commissioner.

Mr. ILSLEY: I think it is just as well to leave the section as it is.

Mr. HANSON (York-Sunbury): I cannot imagine its being done in any other way.

Mr. ILSLEY: It might be by telegram or telephone conversation.

Mr. HANSON (York-Sunbury): I shall not press the matter further.

Section agreed to.

Sections 56 and 57 agreed to.

On section 58—Administration by minister.

Mr. HANSON (York-Sunbury): The question of legislating by regulation is always important. If the wording were changed a little bit so as to take away the wide area to be covered by regulation, I would not have great objection. Under subsection 2 the minister may make any regulations deemed necessary for carrying the measure into effect. That, of course, is intended to assist in administration. Then it goes on to say that in particular the minister may make regulations regarding paragraphs (a), (b), (c) and (d). If it were drafted so that the regulations would refer only to such matters as are indicated in paragraphs (a), (b), (c) and (d), there could not be much objection. With respect, however, to paragraph (d), I am wondering if it will include the right by regulation to determine appeals on assessments? The minister has told us that in practice assessments will be reviewed by the commissioner, not by the minister. Under this section may the minister authorize the commissioner by regulation to exercise such of the powers conferred by the legislation as the minister may think may be conveniently exercised by the commissioner? That is a pretty wide power.

Mr. SLAGHT: Will the regulations be approved by order in council?

Mr. HANSON (York-Sunbury): I was going to ask that. Are they so approved in the income tax act?

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): This section gives very wide powers to the minister to set up a class of regulations that could be known to no one. How is the public to know about them? I hope the department in establishing the new tax will issue a booklet giving full information, after the regulations are drafted. If the public get proper notice, they will govern themselves accordingly. But these regulations may never see the light of day. Nobody may ever know about them. Surely this is a wide power. I suggest that it might be reviewed.

Mr. ILSLEY: There is no danger of the regulations being kept secret. The income tax division issued brochures and booklets of one kind and another all the time, and sends them round to inspectors of income tax for the use of people who may be interested. There is one having to do with the Excess Profits Tax Act, and people who are interested write in asking for copies. Considerable time has been spent in making public the regulations relating to these various measures.

Mr. HANSON (York-Sunbury): That is all to the good.

Mr. ILSLEY: On the question as to whether the minister will by regulation authorize the commissioner to consider notices of appeal—

Mr. HANSON (York-Sunbury): Determine appeals.

Mr. ILSLEY: I believe "consider" is the word. Section 37 states:

> 37. Upon receipt of the said notice of appeal, the minister shall duly consider the same and shall affirm or amend the assessment appealed against and shall notify the appellant of his decision by registered post.

I do not think there is any regulation by which the minister delegates that power to the commissioner. When I was in the

Department of National Revenue the practice was for the minister to make those decisions, in form. That is, he signed them. The reason why he did not spend a lot of time on them was that he did not have the time to spend. It was a decision by the minister on the advice of his officials; that is really what it was.

Mr. HANSON (York-Sunbury): Here is an attempt to delegate authority.

Mr. ILSLEY: That is the reason why I say I do not think a regulation would be made under section 58 (2) (d), by which the minister would delegate to the commissioner authority which is vested in the minister by section 37. I believe he would get what help and advice he could in disposing of an appeal. In practice that would mean that the officials would do practically the whole thing, and the minister would sign it.

Mr. HANSON (York-Sunbury): That is what the legislation attempts to do, namely, what the minister says is not done. Here is the authority to do it.

Mr. ILSLEY: It may be the authority; I am not sure about that, in view of the express terms of section 37. This would cover other matters which would come within the minister's general power. In section 58 (1) the minister has a general power of administration, and instead of exercising those powers himself he has authority under section 58 (2) (d) to authorize the commissioner to exercise those powers.

Mr. HANSON (York-Sunbury): That is reserved to the minister by section 37. Would the minister exclude 37?

Mr. CHURCH: May I ask the minister if under paragraph (d)—

Mr. HANSON (York-Sunbury): Just a minute.

Mr. MacINNIS: If the leader of the opposition would rise in his place when he is speaking, the committee would know who has the floor.

Mr. HANSON (York-Sunbury): I apologize to the Chair and to the committee for having carried on a conversation from my seat. I know it is not quite proper. If this were limited by excluding the provisions which might be applied on section 37, I would not have so much objection. But section 37 makes a special reservation to the minister. Under section 58, power is given to delegate authority to the commissioner. I must point out that the power of determining a question of appeal is a wide power. That is all I have to say about it.

[Mr. Ilsley.]

Mr. CHURCH: May I ask the minister why under paragraph (d) he is setting up a separate organization for duplicate death duties and for the administration of the same class of property for which provision is made by the British North America Act? Under section 92, death duties relate to property and civil rights in the provinces and are exclusively provincial. The minister has been inconsistent ever since he has held office. Two years ago, when it was urged in the house that the minister should let Ontario collect its own income tax, when both federal power and provincial power had taken all this away which was formerly exclusively municipal, he said "Oh, no; we will save a whole lot of money by collecting the two income taxes ourselves for the provinces as well." Instead of the provinces collecting their own income tax, in this bill we set up two administrative offices, for death duties. If the minister would wield the big stick and bring about a little economy in all the departments, it would be far better. Instead of that, he is setting up a new administrative death duties staff to deal with property rights which, since confederation, belonged to the provinces exclusively.

Why should he have accepted the work of the province of Ontario to collect their income tax for them and then turn round and set up another duplicate branch, with a staff of inspectors and clerks, federal and provincial, two separate staffs, collecting on one and the same property? Where is this going to wind up? It is nothing but state socialism. I am only giving my own opinion on it all. The minister has made a vast excursion into this field. Paragraph (d) reads:

> (d) authorizing the commissioner to exercise such of the powers conferred by this act, as may, in the opinion of the minister, be conveniently exercised by the commissioner.

That might be all right under the drastic Kingsley Wood principle of collecting death duties, but all people may not own property when it comes to these rival taxing powers on the same class of property. They are likely to lose what small property they have in real and personal estate and, in the end, die in the poorhouse, with two vast organizations taxing them and putting federal burdens on real estate. It is expected that $10,000,000 will be collected this year and in a full year, $20,000,000 from this measure. Is it any wonder the people are asking why the head of the province is objecting to federal authority invading provincial and municipal institutions and taking their revenues in this way?

Mr. GIBSON: I do not know whether or not the hon. member is familiar with the set-up proposed to collect these duties, but

when he talks about extravagance in any department I must tell him that it costs under 2 per cent to make the collections in the income tax branch. The succession duties will be collected by that branch, which has auditors and accountants already employed. Only a small staff will have to be added to make these collections.

Mr. HANSON (York-Sunbury): There will have to be an additional staff.

Mr. GIBSON: A small staff will have to be added.

Mr. MacINNIS: I think it is generally accepted that matters of this kind cannot be dealt with except by a delegation of power. As to whether such delegation of power is a good thing or a bad thing apparently depends upon which side of the house one happens to sit. I was here between 1930 and 1935, and in the latter year the leader of the opposition was a member of the government. At that time there was brought before the house a marketing act which not only delegated powers of administration but also empowered commissions to enforce penalties. The Minister of Finance was in the house then and was opposed to that, while the leader of the opposition, who then sat on the other side, was in favour. These two hon. gentlemen have now changed their positions in the house; the one who was opposed to this in 1935 is in favour of it in 1941, and the one who was in favour of it in 1935, is now opposed. I imagine the method is all right, after all.

Mr. HANSON (York-Sunbury): The hon. member can speak for himself.

Mr. CHURCH: The Minister of National Revenue says that it will cost 2 per cent to collect this, but will he kindly tell the committee how much will be paid to lawyers? One firm, according to a return filed, got $87,000 for various legal work, and one member of this firm was a candidate for election to this house in High Park constituency. This firm of lawyers did work for the department which any solicitor could have done. Talk about 2 per cent! I can tell the young gentleman who represents the department that in the city of Hamilton the Ontario government had some trouble in collecting this type of revenue from estates, more, probably, than elsewhere in the province of Ontario. Talk about 2 per cent! Wait until you see the bills coming in. The hon. member for Hamilton West (Mr. Gibson) tells us that it will cost only 2 per cent to collect the death duties separately when they will have a duplicate system. If these duties are going to be what they are going to be and all other bills of a kindred kind, then the quicker we abolish provincial institutions and set up this government as a dictatorship over the provinces, the better it will be. That is where it will end some day. That is all we have to-day under the Pooh-Bah powers and big stick of the Minister of National Revenue and the Minister of Finance.

Mr. GIBSON: The dominion government had no part in the collection of succession duties for the Ontario government, and whatever expenses were incurred in collecting them in Hamilton or anywhere else is no concern of the dominion government.

Mr. SLAGHT: I would suggest to the minister that the provision covering the making of regulations should be altered to provide that they shall be made by the governor in council. I may be wrong, but I know of no act which enables the minister to make regulations on everything incidental to the enforcement of the act and which does not require them to be promulgated or published in the Canada *Gazette*. This provision does not require them to have the approval of an order in council. I suggest with all deference that this is a departure, and I feel sure that the department and the responsible minister would feel better satisfied if the regulations were required to be published in the *Canada Gazette* or approved by order in council. It seems to me that this is a new kind of authority for parliament to hand to a minister, the unfettered right to make regulations without the obligation to publish them. I have no doubt that they will be published in brochure form, but it seems to me that this is a radical departure and is setting an example which may lead us down paths which will be dangerous indeed.

Mr. HANSON (York-Sunbury): Is there any analogous provision in the Income War Tax Act?

Mr. ILSLEY: Section 75, subsection 2, reads:

> The minister may make any regulations deemed necessary for carrying this act into effect, and may thereby authorize the commissioner of income tax to exercise such of the powers conferred by this act upon the minister, as may, in the opinion of the minister, be conveniently exercised by the commissioner of income tax.

Mr. HANSON (York-Sunbury): That is the same section.

Mr. ILSLEY: Very much the same.

Mr. SLAGHT: Then it ought to be altered.

Mr. ILSLEY: I think the other acts administered by the Department of National Revenue grant power to the minister to make

regulations; I think that is so in the customs division and in the excise division. In this department it is necessary to make a huge number of rulings or directions which are called regulations.

Mr. HANSON (York-Sunbury): The other method might prove to be unwieldy and slow and cumbersome.

Mr. ILSLEY: I presume that is the reason. The Department of National Revenue is filled with detail; there is a large personnel, and an enormous number of departmental decisions of one kind and another must be made. These are done largely in the name of the minister, who has the power to make regulations by statute. It would be a nuisance to take them to council all the time, a nuisance to council and a nuisance to the minister.

Mr. HANSON (York-Sunbury): Still, the principle for which the hon. member for Parry Sound contends is absolutely sound.

Mr. ILSLEY: The commissioner tells me that if any of these regulations are such that it will probably be necessary to produce them in court, they are published in the *Gazette*.

Mr. HANSON (York-Sunbury): That is for the purposes of the Canada Evidence Act, is it not?

Mr. ILSLEY: I do not know.

Mr. SLAGHT: Making for easy proof. In Ontario, where for twenty years succession duty has been collected, and recently quite promptly and efficiently, we have a similar provision as to the regulations, section 43 of the act, whereby the lieutenant-governor in council may make regulations with respect to (a), (b), (c) and so forth, and it was not found too cumbersome to have them approved in that province by order in council.

Mr. ILSLEY: It would not make any difference in practice because I could not imagine the cabinet spending any time on that kind of regulations. They come in and just go right through if council have confidence in the minister, which they would have or he would not be there. That is all it amounts to in practice.

Mr. SLAGHT: Then cannot we have them published in the *Gazette*?

Mr. ILSLEY: The important ones?

Mr. SLAGHT: All of them.

Mr. ILSLEY: There would be such a number of them.

Mr. HANSON (York-Sunbury): There would be a great many under customs, but I do not anticipate there would be many under this.

[Mr. Ilsley.]

Mr. ILSLEY: The power here is to make regulations prescribing forms and providing for the use thereof; prescribing what rule, method and standard of mortality and of value, and what rate of interest shall be used in determining the value of annuities, terms of years, life estates, income, and interests in expectancy. It may be that these will be very long and detailed; I can imagine cases where it would not be desirable to publish them, and certainly it would take a great deal of paper and printer's ink to publish them in the *Canada Gazette*. I do not know that very much would be gained by doing so. I have never heard any complaint that the public could not find out from the income tax division what the regulations were.

Mr. HANSON (York-Sunbury): Of course, it is in the interest of the collection of the tax to let the public know what the regulations are. What the hon. member for Parry Sound is contending for is a matter of principle, and he is right. The minister countered by saying that it is not convenient, that it would hold up the coming into effect of such regulations, and I think there is a good deal of sound, horse sense in that. But with respect to paragraph (a) there cannot be the slightest objection, because the department must prescribe the forms and provide for the use thereof.

I wonder whether the department intends to collect fees for providing these forms. In New Brunswick they have undertaken to charge you for the forms for inventories, affidavits, and so forth. They tax you for them when they supply them. I have repudiated that suggestion on principle in my own practice; I provide the forms myself, typewritten, and they look very much better that way when they are completed. Why in the world should a government department charge the taxpayer for providing him with the forms upon which he is to submit the information? I hope that nothing like that will occur in connection with this measure.

Mr. ILSLEY: If the hon. member for Parry Sound would like to have something in this section to the effect that said regulations shall be published in the *Canada Gazette*, I am willing to have that inserted. I have consulted with my colleague, the Minister of National Revenue, and he thinks the number under this measure will not be so great that they could not be published.

Mr. SLAGHT: I do not want to waste printer's ink, of course, but a stability would be given which the department would recognize and under which it would feel safer in proceeding.

Mr. ILSLEY: Then I shall have my colleague move an amendment that such regulations be published in the *Canada Gazette*. That would be subsection 3 of section 58. It would not be necessary with respect to paragraph (a), and then there is the question of tables of mortality under paragraph (c).

Mr. JACKMAN: I presume the standard table of mortality will be used.

Mr. ILSLEY: Publication would be partly in the *Canada Gazette* and partly in some book. I would be inclined to drop the proposed amendment. The commissioner tells me that they publish the regulations now in all important cases.

Mr. JACKMAN: Does paragraph (c) of section 2 correspond with the same provision in the British act, or is the provision in the British act more specific, particularly with reference to the rate of interest which shall be used in determining the value? Does this section correspond with the British section, or is the British section much more specific in its terms?

Mr. POULIOT: Just before the minister answers, let me say that I have often protested against Canada copying and aping what is done by any other country. We should make our own legislation. Why should we copy the British act? Why should we copy the act of Ontario or the act of the province of Quebec? Let us make our own legislation and digest it and have no half-baked legislation.

Mr. ILSLEY: This provision has not been copied from the British act. I am informed that it is in use. It is a section very much like sections found in several provincial acts.

Mr. JACKMAN: The rate of interest is vital. It means all the difference between whether a particular annuity or one of these interests might be $1,000 or $2,000. It depends upon the rate of interest being used. It is so important that I think we should be as specific as possible. If other countries, in their legislation, have seen fit to specify a certain rate, I think we should do so. Does the minister intend to prescribe a general rate from time to time, or is there to be a particular rate as to particular forms of securities?

Mr. ILSLEY: I do not know. I could not say what the practice will be. The matter will be worked out in cooperation with the superintendent of insurance, which is the department that is expert in actuarial matters. Some fair rule will be arrived at.

Mr. HANSON (York-Sunbury): The measure will be in the experimental stage for a while. I think the rule of reason will prevail. I have no fears on that score at the moment, but of course I do not know what the future will bring. If the measure does not work out right, we shall come back and ask the minister to amend it.

Mr. SLAGHT: Rates of interest shift, of course.

Mr. MACDONALD (Brantford City): There have been gibes from a number of hon. members regarding the fees which lawyers will receive for preparing these forms, and so forth. Has the minister had forms prepared, and do they correspond with those now in use in the provinces? It occurred to me that it would simplify matters considerably if the forms which are now used in the various provinces were used also by the dominion department, so that, instead of making the forms in duplicate, as is now done for the use of the provinces, we could make four copies and send two to the province and two to the dominion. This would save considerable expense and facilitate the work of submitting the necessary information.

Mr. HOMUTH: All the laws are different.

Mr. ILSLEY: Nearly all the forms are now ready. They are not printed, but so far as preparation is concerned they are substantially complete.

The other point was, should we have a different form for each province to accord with the form in that province? I do not think so.

Mr. HANSON (York-Sunbury): I do not think so either.

Mr. ILSLEY: My opinion is that we should have but one form.

Mr. HAZEN: How many employees have been added to the Department of Finance and to the Department of National Revenue for the purpose of administering this measure, and how many more is it expected to add?

Mr. CHURCH: A small standing army.

Mr. GIBSON: We have not made any additions to the staff to take care of this, and we estimate at the present time that under a hundred will have to be added to the income tax staff to look after this work.

Section agreed to.

On section 59—Office of commissioner.

Mr. HANSON (York-Sunbury): This section raises an old discussion on the question of appointments. Personally I am in favour, generally speaking, of the civil service system of merit in the appointment of public officers,

but I am broad-minded enough to admit that it is not invariably the best way. In certain jurisdictions and categories probably it is the better way, and the general principle I subscribe to and intend to support.

This question of appointments to the staff of the income tax branch has been settled, it seems, by the decision of the government to adhere to the principle of appointments by order in council. Does this mean that these appointments will be political? Are employees to be nominated by the minister, or by the commissioner? Is the department to be filled with friends of the party in power, or is the commissioner to have a free hand to get competent men of his choosing, nominated to his minister before confirmation? This raises a rather large question. The minister is administering three branches of the public service in the collection of national revenue; he has the customs, the excise, and the income tax branch, with which this will be coordinated. In the first two which I have mentioned the appointments are made by the civil service commission. In the income tax branch, however, the minister is continuing the system which he found when he came into office, and which has been in existence, I believe, from the very beginning.

I am aware that there are arguments on both sides. But I should like to be reassured that, if we continue the system outlined in subsection 2, efficiency and competency will be the guiding principles, and that vacancies and new positions will not be staffed by means of what we commonly term political appointments. My recollection in connection with this matter goes back a long way. I understand that the gentleman who was appointed the first commissioner demanded, as one of the conditions of undertaking the duties of the office, that he should have something to say about the selection of his staff. I rather think there was some merit in that. I do not know that there has been much, if any, abuse in respect of appointments. But I notice that the Minister of Finance has brought into the department a number of young lawyers, some from his own province.

Mr. MacNICOL: Not from his own riding, I hope.

Mr. HANSON (York-Sunbury): I am not suggesting that they are from his own riding; nor am I suggesting that they have not great merit; perhaps they have; but I cannot conceive that they had any experience in income tax matters before they entered the department.

Mr. MACDONALD (Brantford City): Not many people have.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): I agree with that. There are not many tax experts in this country. There is in the United States a class of professional men who are income tax experts. But I am a little uneasy, and I trust we shall get some assurance that this matter will be handled on a high plane, because we know what the practice is with respect to appointments by the governor in council. They are, as a rule, political appointments.

Mr. MacINNIS: Patronage can never be on a high plane.

Mr. HANSON (York-Sunbury): Perhaps that is true. But we are trying to speak without bitterness, and, if we can, to elucidate the truth. I do not like the patronage system. I have never thought that it helped me in any degree. I have found that where I had to make a nomination for an appointment—which, I am glad to say, was not often—when I satisfied one man I made nine enemies.

Mr. STIRLING: Hear, hear.

Mr. HANSON (York-Sunbury): That is the history of patronage in days gone by, when times were difficult, when a member of parliament was little better than a labour agent. One of the most strenuous periods of my life was between 1930 and 1935. One could hardly go home without having his outside office filled with people who wanted him to get a job for them.

Mr. POULIOT: That is because the hon. member promised too many.

Mr. HANSON (York-Sunbury): I never promised anybody anything. I was perfectly honest; I told them I had not any jobs to give them, and I could not give them. I told some people that a recommendation from a member of parliament would be, perhaps, a deterrent rather than a help to get a job.

Mr. MACDONALD (Brantford City): The hon. member did not convince anybody with that statement.

Mr. HANSON (York-Sunbury): No; you cannot convince them. That is the strange part of it. They will not believe you. That is an embarrassment, because they are inclined at once to charge you with the desire not to help them, when actually you are simply telling them the truth. They apparently do not recognize the truth, do not want to recognize it. That is the truth.

Will the Minister of National Revenue make a statement of policy in regard to what it is proposed to do in building up this staff, and will he see that the declaration of principles which I am suggesting he should make will be lived up to?

Mr. MACDONALD (Brantford City): Before the minister answers, may I say that from my experience I have found all the appointees in connection with the collection of income tax are just as efficient as any appointees under the civil service commission. I know that the civil service commission is very thorough in looking into the qualifications of all applicants and makes some very good appointments—

An hon. MEMBER: Occasionally.

Mr. MACDONALD (Brantford City): On the other hand, those responsible for the collection of the income tax also make careful inquiry as to the qualifications of applicants, and in the district from which I come I can say that the employees in the income tax division are just as efficient as those who are appointed under the civil service commission.

Mr. HANSON (York-Sunbury): I have not suggested anything else.

Mr. POULIOT: Before the minister answers, since it is impossible for me to take the sanctimonious tone of the leader of the opposition in speaking of patronage, and since I know that if I did, there would be an uproar of laughter in the committee, I shall dispense with it. But I remember quite distinctly that the one who was the leader of the opposition during the election of 1930 said: "You who are hungry, come to me and I will satisfy your hunger. You who are thirsty, come to me and I will quench your thirst." "You who are without work, come to me and I will give you work. I am the one who will cure unemployment." He said that. The hon. leader of the opposition was credulous enough not only to believe it but to preach that doctrine himself. This is why he was elected in 1930, and this is why he was defeated in 1935.

Of course when he was a minister he had to do his share. He followed an illustrious predecessor, the Hon. H. H. Stevens, who also had made promises. It was not only R. B. who had made promises but H. H. was a good promiser. Then the hon. leader of the opposition came after those two, following in their footsteps, trying to satisfy all the people who had been dissatisfied since R. B. came into power. It was a very hard job for him, and I can understand how he found the times hard. Now he says that if he satisfied one man he made nine enemies. I shall not say that he has one single enemy, but I shall say that when he was a minister of the Bennett government he dissatisfied everybody.

The leader of the opposition is the hon. gentleman who now says we shall not have patronage, that we shall have appointments by the civil service commission. Of course he remembers the dark ages when he was a minister in the Bennett government and suffered from seeing so many people coming to him to whom he could give no jobs. It was pretty hard on him, something that he remembers quite distinctly even now when he is far away from patronage. Now he is signing his name and making life very pleasant for himself. But that is not enough to convince me that he has a clear judgment on the question of appointments.

Is there any complaint about the income tax division? No. At the present time the minister has before him in this chamber two officers, civil servants, who are respected and esteemed, who know their business and to whom the appellation of "cranks" that I have applied in many instances does not apply. They have grown up in the service. One of them is a barrister of wide experience; the other is an elderly civil servant who has grown up in the service and knows his business. They are not university fools, and this is the kind of civil servants that I want in this government, as there was a majority until 1930. I refer to them as an example for the others. I am satisfied with them, and neither of them was appointed by the civil service commission. I will not insist on a certain nomination, because the appointee was meritorious if the procedure was wrong. I praise both of these gentlemen personally, and I praise the staff of the income tax branch. People know them so well that they would not think of trying to get inside information from them; the work is well done and we have no complaints.

With regard to the question of patronage, those who are against what they call patronage are those who are afraid to assume their own responsibility, or those who have a sour mouth on account of difficulties that they have themselves created. They were the artisans of their own troubles, like the leader of the opposition for instance. He can blame only himself and his colleagues in the Bennett government.

I find that the system of appointments at present in force in the income tax branch is the best we could have. The reason is very simple. It is that when an appointment is made on the recommendation of a member of parliament, the minister knows who has recommended that man, and if he is unsatisfactory the member will have to answer for any complaints made in this house by any Conservative, Social Crediter or member of the Cooperative Commonwealth Federation party against

that employee. If an hon. member makes any recommendation that is wrong, that will be an excellent reason for the minister to refuse any further recommendations from that member. Therefore the public interest is better protected under that system than under any other. On the other hand, if an appointment is made by the civil service commission, everyone knows that there are no accountants among the examiners of that commission. The civil service commission will select someone from either the Department of National Revenue or the Department of Finance, a selection which may be made on grounds entirely different from those of merit, and the commission will not be in a position to give a sound judgment on the competence of a candidate. There will be no recourse if something goes wrong; no one will receive any complaint. It will be an anonymous appointment, made by the commission and no one responsible. The commission will say it is the merit system.

Especially in branches like this it is essential that all employees should understand that the minister is the boss of the department and should respect him. It is essential that they should feel that they are under his jurisdiction, to stand by the orders they receive and to respect the tradition of secrecy that binds them. I think this is the best system, and I believe it should be continued. Let us be good sports. When the Tories were in power, what Liberal was ever recommended for appointment? When the Liberals are in power, however, the Tories are always recommending some of their friends for appointment. Let them be good sports. The people rejected them at the last election, and the one before that. Let them take their pill and wait until they have regained the confidence of the people for their almost defunct party. That will be a case of resurrection, which seldom happens; but when that time comes, they can make all the appointments they wish. These appointments should be made by the members of the government on the recommendation of Liberal members of parliament, and those members should be ready to take the responsibility. I am sure there will be nothing wrong. There will be something wrong only if the minister accepts any recommendations that may come from the Tory gang.

Mr. GIBSON: The leader of the opposition has asked me how we shall fill the positions that will be created to administer this succession duty act. I would say that we shall adopt the same measures that have been adopted in filling positions in the income tax branch. During the year that I have been in charge of this department I have not been in the unfortunate position suggested by my hon. friend, of having to make one friend and nine enemies. The difficulty has been to get people with the high qualifications which are necessary in connection with the work of the income tax branch, and which will be necessary in connection with the work of the succession duty branch. For the senior positions, such as assessors, we have advertised in the press and have made every effort to secure men who have the necessary qualifications. We require men with the degree of chartered accountant, or a similar degree; and the difficulty we have found has been, not in connection with selecting the men but in obtaining them.

When it was necessary to create some new positions when the national defence tax came into effect, we made promotions in our own staff and filled the positions at the bottom, but there again we had difficulty in getting qualified stenographers and clerks. Therefore I say it is not a matter of selecting the right applicant; it is really a question of going out and trying to find the necessary people to fill the positions. If my hon. friend can recommend anyone suitable, I can assure him we shall be only too glad to accept that person. There is a great shortage of qualified stenographers and clerks for these positions.

Mr. CHURCH: Does the minister not follow the practice that has been followed by his predecessors? I do not blame him for having done so, because I believe all parties have done the same thing. As a matter of fact, the person receiving the recommendation of the defeated candidate or the sitting member is usually the choice of the officials, is he not? When a new minister comes into a department he asks the senior officials, "What did my predecessor do?" Then he does the very same thing, because the minister generally does not follow the swing of the pendulum, but pursues the line of least resistance. I am not criticizing the young minister; so far as I know, he has been efficient. But I should like to ask him, and his learned colleague sitting beside him who has been working so hard for the last month or so, whether this government has not followed the practice of the previous government, and the one before that, in accepting recommendations made by sitting members and defeated candidates.

Mr. GIBSON: I do not know whether or not I am following the practice of the previous administration, but I will say that I require every applicant for a position in my department to file an application in writing. When

these applications are received they are forwarded to the various districts in order that the applicants may be examined by the local inspectors, who rate them; and the appointments are made in accordance with the ratings made by the district inspectors.

Mr. COLDWELL: I do not wish to speak at any great length on this matter; but in view of the fact that from time to time a discussion arises in this house with regard to appointments, and the hon. member for Témiscouata invariably gives us a dissertation on the advantages of the patronage system, perhaps in order to keep the balance some of us who feel very strongly against the patronage system should express our view.

I know that some of the ministers, including the Minister of Finance, have endeavoured to keep as far away as possible from the patronage system. I know that at the present time there may be difficulties in securing efficient help, even by advertising; but I believe that the further away we keep from the system of political patronage, the better it will be for the government of Canada. To me it has always seemed ridiculous that anyone should hold the view that when a Liberal government is in power the employees should be Liberal, and when a Conservative party is in power the employees should be Conservative. I hope the day may come when in our own country we shall develop the same sense of respect for our public service, the same efficiency in it, and the same freedom from political patronage, that have long existed in Great Britain. I believe the efficiency of the administration in that country is due to the elimination of political patronage; and those of us who know something of British history, particularly from the days of Walpole down to comparatively modern times, know that until political patronage was driven from the public service, that service was not efficient. I sincerely hope that the system which has been followed in Canada now for more than twenty years will be continued and expanded until the time comes when we shall have a civil service based wholly on examination and on merit; when every civil servant, irrespective of his position, will have the right to express himself in accordance with his rights of citizenship so that he may not be obliged, because his private views conflict with those of the government in power, to risk, by expressing them, a position for which he may be very well qualified.

Mr. SLAGHT: Was not Walpole the author of that dangerous doctrine, "To the victor belong the spoils"?

Mr. COLDWELL: I am hoping the time will come when the victor will be big enough not to look for any spoils of office. Feeling that way, and holding that belief, I think perhaps once in a while it is well to express that view, particularly when the contrary opinion is so forcibly expressed by the hon. member for Témiscouata.

Mr. POULIOT: The hon. member for Rosetown-Biggar has spoken of the efficiency of the civil service in Great Britain. I wonder whether he has read "The New Despotism" by no less a person than Lord Hewart, lord chief justice of England, in which the faults of bureaucracy are described. Of course I know very well why the members of the Cooperative Commonwealth Federation group are so strong for the merit system. It is for the reason that most of the school principals, who are asked by the civil service commission to conduct examinations, are their own men, belonging to their brain trust. Therefore, instead of receiving patronage from the minister, they receive patronage from the school principals who are Cooperative Commonwealth Federation men. It is in order to maintain that patronage that they are so strong for the so-called merit system which exists only in their imaginations, and not on their tongues.

That having been said, I hope that any illusion created by the word "merit" will be dissipated. I see I have almost convinced hon. members in the far corner of the house, and if I have not I am sure that excellent book by Lord Hewart will finish the job. At first it was an expensive book, costing a little over a pound. After the first edition was sold there was a reprint selling for 5 shillings. I do not know if it is available now, but if it is I strongly recommend it to any hon. member. It will be surprising to hon. members to find that other countries, like this one, can march on, in spite of the fact that they are carrying with them such a heavy weight of bureaucracy.

Section agreed to.

On section 60—Agreement with provinces as to values, etcetera.

Mr. HANSON (York-Sunbury): What does the minster expect to accomplish from this section?

Mr. ILSLEY: I do not know. We may get the provinces to do some work for us. We do work for five of the provinces in connection with income tax collections.

Mr. HANSON (York-Sunbury): It is a pious hope.

Mr. CHURCH: Section 60 enables the government to enter into an agreement with the provinces respecting valuation and other matters affecting administration. Ontario is one of the provinces which has contributed such a large share of income tax to the federal treasury. Has the minister had any conference or agreement with the Ontario government regarding these duplicate death duties and rival methods of collection? Has he had any conversations with them or their ministers or officials? Has the minister consulted the Department of Justice as to the power of this parliament to enter into an agreement regarding death duties, which come within the definition of property and civil rights in the provinces, real and personal estate, which, in turn, are under the control of the provinces? Has the government considered whether the crown in the name of the dominion can collect the same death duties from the same property as the crown in the right of the province? The crown is indivisible. What has been the reply of Ontario? We were told this morning that they are taking the 15 per cent tax to the law courts. Has the government conferred with the government of Ontario about an agreement in connection with the administration of this measure? With whom did they confer, and when; and what is the agreement? Will all the papers be tabled, for the information of the committee?

I contend that when we are dealing with a bill like this we should follow the practice adopted in Washington, and have it considered by a committee of ways and means. There are some able men on the government benches, and it is a pity that men of their ability, men with their learning, experience and understanding—and I know them all pretty well—do not have an opportunity to look into this matter in such a committee. It is too bad we have not a municipal system, like the one they have in Washington, where the committee of ways and means would be given the work of considering a measure of this kind, and not just passing what our officials bring down.

I do not believe it is in the interests of patriotism to remain silent while all this is going on. I am supporting the government generally in its war effort. No hon. member would want to have the responsibilities of those two hon. gentlemen on the front benches. I know they have a tiresome, wearisome and thankless job. But in the name of a few of the old guard of the Conservative party I protest against the policy which has been employed here. It is a policy which is leading toward general confiscation of the wealth of the provinces, and of private property—two separate death duties, with overgovernment and overtaxation.

What has been the reply of the Ontario government? Whom did the federal authorities meet? Did they meet ministers or deputy ministers? Has an agreement been proposed, and what has been the reply?

Mr. GIBSON: No meeting has been held with Ontario with regard to entering into an agreement under this section, because this measure has not yet been passed, and there is no authorization to enter into such an agreement with any province until it is passed.

Section agreed to.

On schedule 1.

Mr. ILSLEY: There are two clerical errors in this schedule as printed. On page 25 of the bill the figures "55,900" in the first column should be "55,000." Then, on page 27 at the bottom of the third column the figure should be "10." At present there is a blank. I would ask that those clerical changes be made.

Schedule 1 as amended agreed to.

Schedule 2 agreed to.

Mr. MacNICOL: Mr. Chairman, I was out of the chamber when section 15 was discussed, and I should like to discuss it at this time.

The CHAIRMAN: Mr. MacNicol moves that we revert to section 15. Is it the pleasure of the committee that we revert to section 15?

Motion agreed to, and the committee reverted to section 15.

On section 15—Filing statement.

Mr. MacNICOL: I should like to ask the minister about a case which came to my attention some years ago. The family I have in mind lived up-country, in a small community. It consisted of three persons, whom we shall call A, B and C. The parents were dead. A died without a will about fifteen years ago. Ten years later, or about five years ago, B died. Two years ago a legal friend of the remaining member of the family C, asked C if the affairs of the two deceased members of the family had been settled. The reply was that they had not. "Well," he said, "I think you ought to have it settled up." He did so, being the only remaining heir. The court appointed him administrator, and everything came his way.

If such a condition arose after the passage of this measure, under section 15 would C be subject to a fine or penalty?

Mr. HANSON (York-Sunbury): He is a successor, and he certainly would be.

Mr. ILSLEY: Did C take the property on the deaths of B and A, and do nothing about it? That is, did he file no statements?

Mr. MacNICOL: Yes. First, A died, and no statement was filed after his death. Then, no statement was filed until a couple of years after B's death.

Mr. ILSLEY: Yes; he would be subject to penalty. He would have to file a statement in those circumstances.

Mr. MACDONALD (Brantford City): Surely the measure is not retroactive?

Mr. ILSLEY: Oh, no; the hon. member was stating a hypothetical case.

Mr. MacNICOL: They would be subject to penalty?

Mr. ILSLEY: Yes.

Section agreed to.

The CHAIRMAN: It was the understanding that we would return to a discussion of some sections which had not been passed, the first of which was section 7.

On section 7—Exemptions.

Mr. ILSLEY: The hon. member for St. John-Albert (Mr. Hazen) suggested that some provision should be made for merchant seamen, and there was also some discussion in the committee about making provision for those who are in the forces.

Mr. SLAGHT: Paragraph (d) deals with charitable gifts, and it is stated that the exemption shall apply:

(d) where the successor is a charitable organization in Canada operated exclusively as such and not for the benefit, gain or profit of any person, member or shareholder thereof.

If a man left a million dollars to an organization of that kind, that amount would be exempt from taxation. The minister has indicated that he construes "charitable organization" to mean religious, charitable and educational institutions. I suggest that there should be added to this paragraph a restrictive provision which would exempt a charitable, religious or educational institution only if it carried on its work wholly within Canada, or only to the extent to which it carried on its work in Canada.

For example, a man might leave a large bequest to the foreign mission society of his church. This society might make all its expenditures in India, China or Timbuctoo in an endeavour to proselytize the disciples of Confucius or the followers of other religions in order to bring them within the fold of the religion which the testator thought was the only sure road to the place beyond. Why should a million dollars spent in China, even for a good purpose, be exempt from duty, when money left by a Canadian farmer to his relatives must pay full duty?

I think we should follow the Ontario act which makes provision for such institutions and add the words "and which carries on its work solely in Canada," or adopt the further refinement of the Ontario act and say, "only with respect to such proportion of the bequest as the proportion of money spent for carrying on work in Canada equals." I can see no reason why we should let escape from the payment of duty any large sum of money, or even a small sum, sent out of Canada for purposes with which at least the majority of the people of Canada are not in accord, and still tax the bequests of smaller estates.

Mr. POULIOT: I appreciate this definition of "charitable organization" as being one:

(d) where the successor is a charitable organization in Canada operated exclusively as such and not for the benefit, gain or profit of any person, member or shareholder thereof.

That is my understanding of a charitable organization, but I hope it includes orphanages and hospitals.

Mr. ILSLEY: It includes hospitals which are not operated for profit, and orphanages.

Mr. MACDONALD (Brantford City): With all due respect to the hon. member for Parry Sound (Mr. Slaght), I am of opinion that we should not limit these exemptions in the way he has suggested. We all believe in home missions, but I think we must have consideration for those beyond the boundaries of our country who have not heard the gospel. If I remember correctly, we are exhorted to preach the gospel to all nations, and I do not think we should discourage foreign missions. The world is a great deal smaller to-day than it was two thousand years ago, and it is all the more necessary that the faith in which we believe should be preached to those parts beyond the seas. The foreign missions of our churches are administered from the home country, and I feel that the wording of this paragraph should stand as it is.

Mr. SLAGHT: My suggestion was not intended to discourage gentlemen who wish to indulge in the spending of money in foreign countries for missionary purposes. I only ask that they contemplate helping to pay part of the taxation of this country and not be specially favoured when they leave money to such institutions which spend it entirely outside Canada by having the bequest exempted from taxation when the ordinary citizen has to pay.

Mr. ILSLEY: Some consideration was given to these various points. The Ontario act has four or five subsections which define with great particularity the amounts which are exempted. Provision is made for making a division of the amount proportionate to the work of the religious, charitable or educational institution done within Ontario as distinguished from that done outside the province.

This is the provision found in the Income War Tax Act. It may be that that was not the correct guide to follow because the sums involved here are so much larger. We thought, however, that the acts should be kept uniform. Under present conditions people are giving money, not by will but by way of gifts, to sufferers from bombing, to Spitfire funds and so forth.

Mr. JACKMAN: Floods in China and lots of other things.

Mr. ILSLEY: The principle followed by the income tax division is that if the gift is given to an organization in Canada recognized by the Department of National War Services, it will be regarded as a charitable gift. That relates to war charities even though some of their expenditures are beyond the confines of Canada. Take a church that is integrated in its activities, which is a church rather than a set of churches, because in some religious denominations it is churches, not a church. A gift to such a church would be a gift to a religious organization which did not by any means do all of its work in Canada but rather did it all over the world. I suppose a division of the amount of the gift could be made and exemption be allowed only on that portion which bears the same ratio to the whole gift as the expenditures of the church in Canada bear to the total expenditures of the church. But I do not think we should go into it that far. We put in the provision that the exemption would not exceed fifty per cent of the person's property, and that provision is also found in the Ontario act. If, however, the committee considers that the principle should be changed, I would not be disposed to resist it because it is a protection to the revenue to allow exemptions to these charities only, but we thought we should not draw the line too fine.

Mr. BLACKMORE: I think the minister has taken the right stand on charities, and I congratulate him. May I also congratulate the hon. member for Brantford City (Mr. Macdonald). It is a fine thing that a man will rise in his place in this house and advocate the performance of our duty in carrying the gospel to nations which have not been blessed as we are, and I think this is the first time since I came into this house that I have heard a man venture to do that before his fellow members. I wish to assure him once more that I appreciate it. Let me repeat that I completely support the minister in his stand regarding charities. While he may lose a little revenue, we shall gain greatly by recognizing the value of the great spiritual things in life.

Mr. POULIOT: I wish to congratulate the minister and also the hon. member for Brantford City (Mr. Macdonald). Both have given lofty expression to the great work of the church. Whatever our faith, we all realize that church work means the civilizing and betterment of mankind, and that it is all to the good of any country.

Mr. SLAGHT: Just one word more. I do not desire to be put in the category of opposing charitable or religious bequests, but the plain fact is that the way this section as it now stands would work out as against an amendment such as I suggest, which would mean merely the insertion of the words "and which carries on its work solely in Canada," would be this: On a bequest of $1,000,000 to a society for foreign missions which operated in China, you would be taxing fifty per cent of that bequest as you would do if it were a bequest to a Canadian mission, and you would exempt the bequest from a tax of $80,000 for the public treasury. You would be contravening, by encouraging that sort of bequest, so much of the good principle we have heard of the conservation of foreign exchange, because to enable such a bequest to be carried out you have to let $1,000,000 go to China and buy Chinese exchange with it at the expense of our exchange. You are going to do all that apparently, let that money go out of the country and exempt it from a succession duty in Canada. I still suggest that that principle is wrong and that any man who is anxious to aid foreign missions in China, and is quite sincere in his desire, should also possess a loyalty to this country that would be willing to have a succession duty tax applied to such a bequest.

Mr. POULIOT: An amount of $1,000,000 went out of Canada through excess profits on sugar. That is much worse than money given for church work.

Mr. ROEBUCK: The riding from which I come has churches in it, and I suppose there is scarcely a member of the house who is not in the same position. When I look back at

the history of this country I realize how much Ontario and, I am sure, the other provinces owe to the missionaries who came here in the early days. They were financed by foreign funds. Positively millions of dollars have come into Canada from charitably inclined people, particularly in Great Britain, and those missionaries brought a message. They did social services which were of great value to the intellectual and spiritual life of this country; and it seems to me that, while we might need the money, this is a poor place to get it if, in so doing, we make harder the lot of the foreign missionary societies, which are always struggling up hill.

Why choose an amount of one million dollars? Has anybody in mind a grant of one million dollars to a foreign missionary society? Most of the money for that purpose is given in very small amounts. Most of it is gathered up in small donations, some of it *inter vivos* and some by will. I think this chamber would exhibit a very poor spirit indeed if we attempted to enrich the treasury of Canada by taking a portion of these small funds granted for the purpose of intellectual and spiritual purposes abroad.

Mr. HANSON (York-Sunbury): Possibly I should say one word on the principle of the suggestion from the hon. member for Parry Sound. I think it would be a great mistake if we were to adopt what seems to me to be a very narrow provision of the Ontario act. I am not unmindful of the divine injunction given to all of us. Perhaps I do not practise it as much as I should, and I certainly admit at once that I have never felt the call myself. Yet I should not like to do anything that would derogate from the provisions of that injunction. I suggest that the minister's scheme as laid down in this section should be allowed to pass. Just think of the money that has been sent into Canada by the English church, a society for the propagation of the gospel. Is it known to members of this house that until the restrictions were placed on the export of sterling, much if not all of the salaries of the bishops of the English church in Canada was sent out from England, and especially money for western missions? My friend the Bishop of Calgary is now engaged in a campaign among the brotherhood of his church to raise money to take the place of that which was provided prior to the war by the church in England for Canada and Canadian missions. This matter is international.

Under the terms of the proposal of the hon. member for Parry Sound, funds given to one of our churches for carrying the gospel to the blacks in the West Indies, where perhaps they do not have as much missionary effort as in some other parts of the world, would be taxed. I know that one of the evangelical churches in this country maintains a mission in British Guiana. And just think of the work of the early Jesuits in Canada. There is no romance more stirring than the story of their missions. For example, there is the tale of Father Jogues. If one reads Professor Wrong's book on the "Rise and Fall of New France in Canada," and the chapters which he devotes to the efforts and the sacrifices of the Jesuits in their attempts to Christianize the Indians, one is filled with admiration.

Mr. ROEBUCK: Read the story of Father Breboeuf.

Mr. HANSON (York-Sunbury): Yes; and I can call to mind other works of a similar nature. All the funds which supported these men came from across the water. I do not think that in this twentieth century we can revert to a restriction such as has been suggested.

Mr. HANSON (York-Sunbury): There is a question about soldier pensions.

Mr. ILSLEY: Yes. I have an amendment about that, which I hope will be accepted by the committee. It is as follows:

That subsection 3 of section 7 of the said bill be struck out and replaced by the following:—

(3) (a) Where the deceased dies from wounds inflicted, accident occurring, or disease contracted while Canada is or was at war, while on service with Canadian or any other of his majesty's naval, military or air forces, or with allied or associated naval, military or air forces, and where the Canadian pension commission finds that the circumstances are such that the widow or children of the deceased are entitled or would, if such service had been with the Canadian naval, military or air forces, have been entitled to receive a pension under the Pension Act in respect of such death, or where the Canadian pension commission finds that the deceased died from wounds inflicted, accident occurring, or disease contracted, as a result of enemy action within twelve months before death;

(i) the exemptions allowed in paragraphs (a), (b) and (c) of subsection one of this section shall be increased by fifty per centum; and

(ii) the amount of the duty payable in respect of a succession by any successor coming within Class A or Class B in the first schedule to this act shall be reduced to such sum as would, if accumulated at compound interest at the rate of three per centum per annum from the date of death with half-yearly rests, at the expiration of the period of the normal expectation of life of a person of the age of the

deceased at the time of death (calculated in accordance with mortality tables approved by the minister) amount to the duty otherwise payable.

(b) The Canadian pension commisison shall on the request of the commissioner investigate the circumstances and report its findings in respect of any case arising under paragraph (a) of this subsection.

Mr. GIBSON: I so move.

Mr. ILSLEY: I believe that that reasonably meets the wishes of the committee, although not all of them, as expressed last evening.

It may be argued that this should be broadened so that it will apply to times of peace as well as to times of war. But if it is desired later to do that, it can be done by amendment. I am, however, perfectly satisfied that if we do that now, we could not amend it the other way if ever we wanted to. This meets the situation in so far as death follows as a result of the last war or as a result of this war, for all members of the forces.

Mr. GREEN: Whether they are serving in Canada or overseas?

Mr. ILSLEY: Whether they are serving in Canada or overseas; and, as the committee will have noted, it includes not only the members of the Canadian forces but the members of other of his majesty's naval, military and air forces, and those with allied or associated naval, military and air forces.

The latter part of the section provides for cases other than members of the forces:

where the Canadian pension commission finds that the deceased died from wounds inflicted, accident occurring, or disease contracted, as a result of enemy action within twelve months before death.

Mr. HANSON (York-Sunbury): That would apply to civilians?

Mr. ILSLEY: That would apply to civilians.

Mr. HANSON (York-Sunbury): That is, of course, quite a wide provision.

Mr. ILSLEY: Yes. It applies to merchant seamen, who are civilians.

Mr. GREEN: Why is there a restriction of twelve months? A man may be seriously wounded and not die for, say, eighteen months or two or three years.

Mr. ILSLEY: I am of opinion that there should be some limitation in the case of civilians. It must be remembered that we have powers by order in council which are not displaced by this section; and in the case of persons who are not members of the forces, and whose records are not possessed by the government, to allow the possibility five or ten years after the war, when death occurs, of claims that these deaths were the result of enemy action at the time of the war, would, in my opinion, open the door too wide.

Mr. GREEN: Of course, the onus would be on the dependent of the deceased person; it would not be on the pensions commission. Does the minister not think it would be a severe enough restriction to provide that the pensions commission must decide that the death was caused by enemy action?

Mr. ILSLEY: I do not think so. When we are talking about merchant seamen, we must regard the normal case as that of the seaman who is drowned in time of war as a result of enemy attack. That is the usual case, and the twelve months' provision extends the time and would cover, I suppose, the case of the man who is wounded. But twelve months is long enough. As I have said, there is a power to deal with special cases by order in council, under the consolidated Revenue and Audit Act. But I do not think we should throw the door too widely open. For the time being the situation is met as well as it can be, and if it is desired to broaden these provisions, it can be done by amendment, or cases can be dealt with by order in council.

Mr. JACKMAN: I am sorry that the minister has not acted on my suggestion of last evening, when I requested that some consideration be given to a higher rate of interest on the amount of tax. Certainly three per cent is the lowest the minister possibly could have taken, and I think the government should treat cases of this kind in the most generous manner. It is an involved actuarial problem; but if a man thirty years of age is killed overseas, the tax against his estate is assessed at, say, $3,000; then the sum which accrued at three per cent with half-yearly rests—to use the approved term—is ascertained. That might be only $2,000, and that amount, then, is the tax. If the rate were four per cent instead of three per cent, the amount needed to be set up, with half-yearly rests, at the present time might be only $1,200; and at five per cent, it might be something less than $1,000. It seems to me that when a man has given his life, and his estate falls to the crown for succession duty at a very early period, the government should be willing to give his heirs every possible consideration. A soldier who is killed will probably not have had as much time to accumulate an estate as the ordinary citizen. Most

of these men who die will die between the ages of say twenty-five and forty, and the government should give their dependents every possible consideration. I would, therefore, urge that the rate be higher than three per cent.

Mr. ILSLEY: I have discussed this matter with the officers of the department, and we are of opinion that three per cent is the proper rate. It is substantially the market rate at the present time.

Mr. JACKMAN: It is a controlled rate.

Mr. ILSLEY: I think there are not many people who can continuously have their money earning more than three per cent compound interest over a substantial period of time. Far more earn much less than that.

Mr. JACKMAN: I do not know of money earning much less than that over a long period of time. The government has chosen the lowest possible rate. For instance, the new loan will bear that rate or better. If the soldier had his money in a first mortgage, he would get at least five per cent. I think the minister is working a hardship on the man who gives his life.

Mr. ILSLEY: This says three per cent at half yearly rests.

Mr. JACKMAN: This is three per cent on a coupon. I do not think the minister can point to any security running over any length of years that yields less than three per cent.

Mr. HANSON (York-Sunbury): On most of the provincial bonds the rates are higher.

Mr. JACKMAN: The attitude of the crown seems rather niggardly considering the circumstances. The event arises entirely out of the defence of the nation, and every consideration and, in fact, generosity should be shown to the soldiers' dependents. It arouses the antagonism of hon. members when the government refuses to deal considerately with these people. It is not going to involve much money, and surely the people of Canada are willing that a higher rate should be given. Under the annuities—as a matter of fact the rate of interest has not changed—four per cent is being given; and while three per cent is the prevailing rate, everyone knows that present money rates are to an extent artificial. We have a central bank in control as other countries have, and I doubt whether the minister would say that three per cent is a natural rate to-day. There are plenty of very good securities which yield considerably more, and I do not know why we should compel soldiers' dependents to receive such an extremely low rate. It is not as if they were getting the security of the crown behind it. It is something being taken away from them at a very early date, arising only because of the man's sacrifice. It is not as if the crown were giving something. The crown is getting a windfall, and in order not to get too much it says, "We will take only the present value of the tax and allow the man to have his normal expectation of life before calculating it." Certainly the government is not adopting a generous attitude. I strongly urge that the rate be made higher.

Mr. ILSLEY: I point out that the main respect in which this section is extended is in the exemption. There will probably not be one in a thousand who will be affected by this valuation. There is an exemption of $30,000 for the widow and $7,500 for each child; that will take care of all cases where there is any necessity at all. Then, when we move into estates going to brothers, grown sons and so forth, I would consider that this provision is adequate. I do not know why hon. members should be so terribly concerned about those cases, because they will be extremely rare. It will be a matter of very substantial estates; and, as I say, the main respect in which this section is extended is in respect of the exemption.

Mr. ROSS (St. Paul's): Has every soldier's widow who is entitled to a pension the same exemption? That is, the pension is the consideration?

Mr. ILSLEY: The question in that form cannot be answered. To begin with, what does the hon. gentleman mean by a soldier?

Mr. ROSS (St. Paul's): Every enlisted man if you like, who is entitled to a pension under the Pension Act. Does his widow receive the exemption?

Mr. ILSLEY: No.

Mr. ROSS (St. Paul's): Well, she should. The point is that the pension should be the consideration. There has been a great deal of discussion in the pensions committee as to the entitlement of the widow of an enlisted man to pension. Surely, if the widow is entitled to pension, she is entitled to exemption under this bill, regardless of limitation. If the minister will put that in the bill he will get rid of a great deal of trouble, because it will follow the intent of the Pension Act. He is going to have all kinds of difficulty trying to make exceptions; the pension should be the consideration for the exemption.

Mr. GREEN: I understood the minister to say after he had read the proposed amendment that the effect of it was that if the

widow could qualify for pension as a result of any disability arising out of the last war or this war—

Mr. ILSLEY: Right.

Mr. GREEN: —then she would also qualify for the exemption.

Mr. ILSLEY: That is correct, but that is different from what the hon. member for St. Paul's was saying. This excludes the peace cases, cases of pension arising from peace-time disability. That is the very point.

Mr. HANSON (York-Sunbury): Except by enemy action.

Mr. ILSLEY: Yes; but there would be no enemy in peace time.

Mr. GREEN: The minister spoke a few minutes ago as though he found it hard to understand why anyone should ask that estates over a certain amount should be entitled to exemption. I raised the point a few days ago when the resolution preceding the bill was up for discussion, and the reason why I raised it was that I believe it is not right in principle that the estates of men who give their lives for their country should be subject to succession duty tax imposed by the dominion which sent these men overseas. It was on that principle that I raised the objection.

Amendment agreed to.

Section as amended agreed to.

On section 8—Allowances in computing aggregate net value and dutiable value.

Mr. ILSLEY: I have a small amendment to that. It reads:

That section 8, subsection 1, be amended by inserting after the word "surrogate" in the thirteenth line the words "probate or other like".

So that the opening of the said subsection shall read:

(1) In determining the aggregate net value and dutiable value respectively, an allowance shall be made for debts and encumbrances (including reasonable funeral expenses and surrogate, probate or other like court fees, but not including the charges of solicitors).

Mr. HANSON (York-Sunbury): That is good enough.

Mr. GIBSON: I so move.

Amendment agreed to.

Section as amended agreed to.

Preamble agreed to.

On the title.

Mr. HANSON (York-Sunbury): May I say to the minister that, on the whole, if we have to have legislation of this kind I think this is a pretty good bill. It contains certain features that I do not like. I know it is in the experimental stage so far as this jurisdiction is concerned, but I hope the administrators of the measure will keep an open mind and note any deficiencies that may become evident as time goes on. Do not be afraid to come back to parliament to rectify evils and omissions that may become apparent. Let us try to improve this measure as we go along. I do not think the rates in themselves are oppressive, although, of course, when coupled with the provincial rates, in certain instances they are heavy. I hope this bill may accomplish the result that I think is in the back of the minister's mind, of ultimately invading and capturing the field for the central authority. That would be very unpopular in some places, but on the whole I think it would be a good thing for those who have to pay the taxes. Then we would have a uniform act and uniformity of administration, and I think we would have it in a jurisdiction in which, in some instances at least, the public will have a little more confidence.

Mr. POULIOT: I give credit to the leader of the opposition for the study he has given this legislation; but, although we are now on the title, I wish to direct attention to subsection 4 of section 35, which reads:

The minister, upon proof to his satisfaction that an overpayment of duty has been made, may refund the amount of such overpayment, provided no such refund shall be made after the expiration of one year from the receipt by the minister of an amount purporting to be in full settlement of the duty.

I find that pretty hard, and I hope the minister may see his way clear to give it a wide interpretation.

I will not insist further on that point, but I wish to say one thing to the leader of the opposition and his supporters. Ever since the special session of 1939 they have been asking this government to do more and more. They have wanted this country to practise total war. Now we have total taxation because of that total war; and if there is anyone who should not complain about this taxation, it is precisely the leader of the opposition and his satellites. The proof of the pudding is in the eating. I am against this legislation, for reasons I have already stated; but those who have been advocating a greater war effort than was at first contemplated, cannot object to it. They were never satisfied with the policy of the government, which they said was never doing enough. They wanted more and more; and every time the leader of the opposition said, "do more", I rose and asked what he meant, but he never replied. Now we have the reply, in this taxation. I regret it for the sake of some of my fellow citizens, but I am

very glad that the Tories will have to taste their own medicine; it will be a good lesson to them. Although I regret it because of some Tories, I do not regret it for those who have said we were never doing enough.

There is one further point I should like to mention. When a certain piece of legislation is brought before us, it is stated to be essential and indispensable, and we are told that we cannot get along without it. Well, according to what was said yesterday, the revenue under this contentious legislation will be from twenty to twenty-five million dollars. If it is twenty million dollars, that will be fifteen million dollars less than what has been given the west; if it is twenty-five million dollars, it will be ten million dollars less than what we are giving the west. Therefore, if the prairie provinces had not been given $35,000,000 this year, we would not need contentious legislation like this. I have wanted to say this for a long time.

The CHAIRMAN: Shall the title carry?

Mr. POULIOT: No, sir.

The CHAIRMAN: I should like to point out to the hon. gentleman that we are now discussing succession duties, and that the general matters of expenditure and taxation which he is now discussing are hardly linked up with the title of this bill.

Mr. POULIOT: If you will allow me one further word—

The CHAIRMAN: Let us confine ourselves to the bill.

Mr. JACKMAN: We passed section 8 so quickly that I did not have an opportunity to refer to one other matter. I do not know whether an opinion was expressed in this connection yesterday, but what happens in a case where a man accommodates another on a promissory note, for no consideration, and the note becomes a charge against the man's estate? Will that be considered a liability of the estate?

Mr. ILSLEY: I think that is covered by section 8 (2) (b), which reads:

> Notwithstanding anything contained in the last preceding subsection allowance shall not be made—
>
> (b) for any debt in respect whereof there is a right to reimbursement from any other person unless such reimbursement cannot be obtained.

Mr. JACKMAN: Take the case of a father who has educated his sons. He says, "I have no more money for you, but if you want to start up in business I will endorse a note for $5,000." The father dies; the son cannot meet the note, and therefore there is a claim against the father's estate. Will that claim be allowed as a deduction from the assets?

Mr. ILSLEY: That is precisely covered by the subsection I read. If reimbursement could not be obtained, it would be allowed.

Mr. JACKMAN: Even though full consideration had not been received for it?

Mr. ILSLEY: There is a right to reimbursement from the son.

Mr. JACKMAN: He may or may not be on the note, which might be given directly to the bank.

Mr. ILSLEY: I do not know. I can only direct the hon. gentleman's attention to that section. That sort of thing is carefully covered there, and it would just be a question of applying that principle.

Mr. JACKMAN: That section is meant, as I understand it, only to prevent fraudulent evasion. Anything that is a real debt of the estate, even though full consideration were not given, would be satisfactory? In other words, unless there was a real attempt at evasion—

Mr. ILSLEY: I do not understand the illustration given by the hon. gentleman. This is a case where a parent goes on a note for his son, is it? They borrow the money from somebody else, say, from a bank? In that event the father would owe the bank at the time of his death.

Mr. HANSON (York-Sunbury): He would be a guarantor.

Mr. ILSLEY: Yes, but he would be liable to the bank. If he paid the bank he would have a right to be reimbursed by his son.

Mr. HANSON (York-Sunbury): Yes, and if the son was worthless this is what would happen. The executor would list the note among the assets, but then he would value it at nil.

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): He would have to demonstrate that it was not worth anything. I see no trouble, because I think those cases in practice arise quite frequently.

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): If I endorse a note for a man and he is not worth it, I have to take it up. Then, if I die, my estate would be the holder of the note. My executor would list it among the assets. But if the maker of the note was worthless, it would be valued at nothing. He would have to satisfy the department that it was worth nothing, but I believe in a reasonable case that could be done.

Mr. ILSLEY: I am thinking about a case where it is paid after the death by the executor. In that event it would be a debt of the estate.

Mr. HANSON (York-Sunbury): Yes.

Mr. ILSLEY: If reimbursement were not possible.

Mr. HANSON (York-Sunbury): It could be deducted as a debt?

Mr. ILSLEY: Yes, if reimbursement were not possible.

Mr. JACKMAN: What troubled me was paragraph (a). It says that an allowance shall not be made for a debt incurred where no consideration passed. Then the consideration is outlined rather specifically. If you endorse a note for a friend, you can hardly say you get "money's worth," which is the expression used in the paragraph. Neither would that be true if you endorsed a note for a son.

Mr. ILSLEY: Money's worth was obtained from the bank.

Mr. JACKMAN: But not by the deceased.

Mr. ILSLEY: That does not matter. That would be between the guarantor and the bank. The guarantor would owe the bank the money.

Mr. JACKMAN: But the paragraph specifically states "money's worth wholly for the deceased's own use and benefit."

Mr. HARRIS (Danforth): Before the title carries, I should like to make one observation. I am rather in accord with this type of taxation, first because we need the money. We must go where the money is, and we must get it. Any move the government makes toward getting money to help prosecute the war effort will receive the support of a good many of us from all sides of the chamber. I could not sit still and take the little lecture from the hon. member for Temiscouata with regard to those of us who sit on this side of the house, without saying something.

This particular item of taxation is one which worries those of us here perhaps less than many other forms of taxation in other bills which will come before us.

Title agreed to.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

[Mr. R. B. Hanson.]

Mr. T. L. CHURCH (Broadview): I believe I represent, on the question of overgovernment and overtaxation, a large body of public opinion in this country. I am not trying to speak for the leader of the opposition (Mr. Hanson), or the opposition, but I can speak for myself. I believe that in connection with this bill it is not patriotic to remain silent, and particularly at a time like this. Everybody wants to help win the war; nothing else matters in Canada but the winning of the war.

I deeply sympathize with the two ministers in charge of this bill, and the officials associated with them. They have a tiresome, wearisome and thankless job. There is, however, a large body of public opinion in Canada, a body of honest workers and toilers who have toiled all their lives to amass only a little property. We have in Canada been overgoverned by dominion, provincial and municipal governments with many taxes on the same property. We have not noticed how the right to possess property has been taken away from people in Canada by measures of taxation such as the one before the house.

In the early days of this country, in the days of Sir John A. Macdonald, Sir Wilfrid Laurier and the rest of them, everybody owned a little property. A man would own a store, a small garden, a mill, a horse and rig or a little farm, and he tried to be thrifty. In those days a man was encouraged to be thrifty. The people who came to Canada from England, Ireland, Scotland, Wales and many other countries in the early days were thrifty. The minister urged in his budget speech, and he is again urging in connection with the loan about to be made, that people should collect savings to help in the war. We have been slow to see how the right to possess private property, and the ownership of property have been taken away in Canada to-day. So much is that true that people have become proletarian. The direct result has been that very few people possess property to-day. It is the desire of all good citizens that the government shall prosecute the war to the end; that is all that counts. The government must collect large sums of money by taxation or borrowing. They need it. I am sorry, however, that in the budget, they have not tried to collect it on a fifty-fifty basis—fifty per cent from income and fifty per cent from capital. The manner in which it is being collected, with duplicate taxes of all kinds, is imposing a heavy burden on the thrifty people of Canada.

As I see it, these phantom excursions into the revenues of the provinces and the

municipalities cannot continue much longer. We have our own business and our own way of doing things. I am only one of a party, and I do not always follow parties. I follow principles. If a party leaves its principles, then I support principles just the same in this House of Commons, and not individuals in any political party.

Under our present procedure, in a time of heavy taxation, one form of government seizes the revenue from another form of government, and that form of government seizes revenue from the next. This bill I consider the worst of them all. In my view, any man who makes money in the future will spend it, in order to avoid these heavy death duties. Here we have rival organizations in the provinces and in the dominion collecting money from the very same real estate and personal property.

The government has copied sections 6 and 7 of Bill No. 79 from provincial legislation of some years ago as to death duties on real and personal estate. What is the result? In the early days of succession duties legislation in Ontario many people who owned property left the province and went to Nassau and other places to live. It is difficult to control that part of an estate which is movable. With all the trust company laws, loan company laws, banking laws, and that kind of thing, it is very easy to remove movable personal property out of a jurisdiction.

In conclusion, may I point out that if a man makes some money he will spend it; he will certainly not invest it in houses or other things to be taken away from him. He will not build houses, because his money will be taken away from him by bills like this. This measure, as I see it, is the first step toward a condition where two bodies will be taking money from the same estate and through death duties there will be in time, a general confiscation of wealth by such measures.

In adopting these duties we shall be following some form of socialism. By this overgovernment and overtaxation on certain types of property we are seeking to destroy the present status and basis of society which we have had in this country since confederation in connection with the holding of property, real estate and personal estate. If the government is to follow the imposition of these death duties and other measures to the logical conclusion, in time it will be the sole owner of all property and wealth, and in the end the government will be the only distributors of goods.

So far as I am concerned, I wish the government every success. I believe the money will be forthcoming, but I should like to see something done for the small investor. Before the war started, this type of man had pledged in real estate and insurance policies all the money which he might have invested in the victory loan. Those two items take up about 70 per cent of what he makes and he cannot finance extra taxes and help the war loan. I should like to see the government pass a national moratorium in connection with insurance premiums, whereby a toiler who had paid for four or five years his premiums could pay it after the war at the same rate as the victory loan, and so allow these honest workers a share in the victory loan, and also pass a moratorium on mortgages by a national act suspending payment of principal till after the war as a war measure, like the provinces did in the depression.

I wish the government every success. I know the people of Canada would rejoice if under the voluntary system Canada had a million men to go over to that glorious land of France, when the air force is ready and we have ships to help clean those barbarous Germans out of the glorious land of France where so many of our brave Canadians sleep their last sleep. The privations suffered by the people of France are terrible, and their human misery and sacrifices will live forever as a great example of sublime patriotism. I do hope the government will try to do something to readjust this awful burden of overgovernment and overtaxation which bears on the small wage earners and real estate. The people are willing to pay for the war so long as they know it is for the war and a supreme effort, but they object to vast expenditures being made on matters not having to do with the war or its prosecution to victory.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, as I said last night, I was not present when second reading was given to this bill because I was attending to other duties in connection with one of the committees. We of this group are pleased that the government has at last placed a measure of this sort upon the dominion statute books. For a number of years we have advocated death duties in the house, not as a war measure but as a measure of taxation which would readjust to some extent the wealth of this country where it has accumulated rather quickly in recent years. Before the war we were of opinion that a death duty should be put into effect in order that we might build up something in the nature of a sinking fund to retire our national obligations, at least in part. The war has, however, made it necessary that every dollar that we can raise shall be used for its prosecution. Therefore we welcome this legislation.

There has been a great deal of criticism because this measure enters a field which is occupied to some extent by the provinces. That is unfortunate, but an opportunity was given to the provincial premiers, who are now objecting, to come to some agreement regarding the occupation or the vacancy of this particular field. I do not think that argument carries any weight.

In looking over *Hansard* of the last few days, I find that some members of the house, particularly the leader of the opposition (Mr. Hanson), have referred to those who are inclined to support measures of this sort as the "have-nots." I am proud to represent a good many people who might be classified as "have-nots," but I am glad to say that there are associated with me many people who belong to the "have" class, but who, from motives of humanity, believe that something should be done to improve the unequal social conditions which face our generation. I believe that, when this war is over, we shall see many measures taken to prevent the accumulation of wealth and to redistribute wealth. Surely that is necessary at the present time.

The leader of the opposition stated a little while ago that one of the great communions in this country, the Anglican communion, had in the past received considerable support from the old land in establishing its institution in this country and in fostering it throughout the years. That is true. I have often wished that, in days gone by, the leaders of that great church might have given a better lead in the implementing of social legislation, and I am pleased to be able to state that, in recent days, this old and stately church has given a lead which I think we might follow when we quote it in other respects in this chamber and elsewhere. I have read with a good deal of interest the report of the Malvern conference held last January. When I hear gibes thrown at those in this house who seek to bring about a better social order, my mind goes back to the mediaeval teachers who taught what the use of property ought to be. I was pleased to hear the hon. member for Halifax (Mr. Macdonald) state something last night which is in line with both history and philosophy:

> I submit that no one has an inalienable right to transmit property to his descendants. The natural law is that a man should part with his property at the time of his death. The fact that dependents or relatives are entitled to come into possession of his estate is wholly dependent upon the laws of the country and the facilities that are provided for the administration of estates.

That is in line with the historic teachings of all great Christian religions. The resolution adopted at the Malvern conference, to which I am going to refer, began as follows:

> Christian doctrine must insist that production exists for consumption . . . to a large extent production is carried on not to supply the consumer with goods but to bring profits to the producer.

An amendment was moved by a member of one of the oldest and most respected families in a county of England where I was born, the county of Devon. Sir Richard Acland, who happens to be a Liberal member of the British house of commons, moved the following amendment:

> In the present situation we believe the church should declare that the maintenance of that part of the structure of our society by which the ownership of the great resources of our community can be vested in private individuals is a stumbling block, making it harder for the generality of men to live christian lives.

Yet in this debate we have heard it hinted that those who stand for those principles in this house represent something of subversive elements in our midst. Let me say that at that great Malvern conference of a large number of the bishops and principal clergy of the Church of England, Sir Richard Acland's amendment was adopted with few dissenting votes. We have to face up to problems such as we have heard discussed in this house to-night and in the past day or two, because, if we do not, we are going to have said to us what Sir Richard Acland said in support of his resolution:

> For over 150 years—

He said:

> —you have neglected your duty through sheer funk. The whole structure of society is, from the Christian point of view, rotten. It has given Hitler the opportunity to say, "To hell with the whole order." In order to save humanity from the horror of nazism, we must find a way of living superior not merely to nazism but to that which we ourselves knew before. You must be prepared to offend people who are determined to reserve the existing order.

That, I think, is true, and legislation such as this before us to-night, although many may regard it as a war measure, will undoubtedly remain on the statute books of this country now it is there. Although there are some criticisms which one might have made of this bill, those criticisms were not made because we believe that this is a step in the right direction and that as experience in the administration of the measure develops, we shall be able to change it, alter it, amend it, so that it may be a better one still.

I have heard in the last few days and read in the debates statements that persons have the right to continue to transmit property from generation to generation. Let me quote—

Mr. DUPUIS: Would the hon. gentleman give the source from which he is quoting?

Mr. COLDWELL: It is the Malvern Conference, England, 1941.

Mr. DUPUIS: What is the date of the publication?

Mr. COLDWELL: I am taking this from June 7 issue of *Liberty*. I have, however, the original copy of the proceedings of the conference in my office, and I can assure the hon. gentleman that this is exactly the same. The Archbishop of York, who placed the crown on the queen's head, wrote this:

> It is perfectly ludicrous that because someone lent money for the building of, say, the Great Western Railway, he should be possessed of a salable right to levy a private tax upon that railway for ever.
>
> The contribution of labour, whether managerial, administrative, or manual, must equally with the contribution of capital, and with still further right, carry a title to representation on the board of directors. The investor gets his interest; the workman gets his wages. There is no reason why the former should get control and the latter should not. It is on the whole more reasonable that labour should hire capital than that capital should hire labour, because capital can exist without capitalists, but labour cannot exist without labourers.

There is a fundamental truth which in legislation of this kind we have begun to recognize.

One more thing I should like to say. The leader of the opposition yesterday made the statement that:

> One of the objects of the dictator of Germany under the national-socialism system, and one of the objects of the dictator of Italy under fascism in effect is to destroy the capitalistic system. What do they offer us in its place?

Anyone who knows the story of the rise of either Mussolini in Italy or of Hitler in Germany knows that the reverse is true, that these men were both financed and promoted in order that they might destroy the social democratic movements in their respective lands.

Mr. MacINNIS: Financed by the capitalists.

Mr. COLDWELL: By the capitalists of those countries and, incidentally, of other countries. We know that every person who stood for social and economic reform, for social democracy, beginning with Matteotti, the great social-democratic leader of Italy, down to the social democratic leaders of democratic Germany, were murdered by the dictators, or placed in concentration camps, or compelled to flee into exile. What we are witnessing to-day is the fruit of the greed of those who thought to stifle social reform, and who set up a Frankenstein which to-day is threatening to destroy us all.

Therefore I wish to commend this legislation and to express the hope that it will be extended as the years go by. The hon. member for Broadview (Mr. Church), whom I respect very highly as a member of this house, said just now that he objected to this legislation because it brought hardship on the thrifty and on the poor. But only look at the returns—look at the advertisements of our insurance companies, for instance, which tell us that of a hundred young men now twenty-five years of age, only four will be wealthy when they reach sixty, only a few more will be able to maintain themselves, and the vast majority will be dead or mainly dependent upon relatives and friends.

An hon. MEMBER: Or upon the government.

Mr. COLDWELL: Quite true. Because, if you will look at the applications for old age pensions in this wealthy country, you will see that they bear out the statement that if we did not care for them in the very modest way in which we are doing to-day, they would be suffering great hardships in the eventide of life. Therefore again I commend the Minister of Finance (Mr. Ilsley) for this legislation, and I have been disappointed at the long barrage of criticism put up against it by the Conservative leader in this house. That, of course, is the traditional Conservative attitude. That is the traditional attitude which, years ago, drove many a young man out of the ranks of the Conservative party. To-day that is not the attitude of either humane or thinking people, and as a member of an opposition group in this house I commend the government for bringing in this measure. My main criticism is that it does not go far enough.

Mr. MacNICOL: If the hon. gentleman will permit me, the leader of the opposition (Mr. Hanson) on repeated occasions during the course of this debate has commended the government for bringing in this legislation.

Mr. COLDWELL: I can pick out all kinds of places in *Hansard* where the legislation was not commended. In his budget speech the leader of the opposition regretted very much that this bill had been brought into parliament at all at this time.

Therefore, commending the measure, I hope it will be expanded, and I hope, on a future occasion, instead of a succession duty bill, we shall have a death duty bill. An hon.

member says, "a capital levy". Well, let me say that when this war is over, there will probably be a capital levy, perhaps not in the form in which it was suggested after the last war, but a levy on accumulated wealth in order that we may retire some of the debt which we are accumulating for two purposes: to defend our institutions; and, as parts of those institutions, the people who are managing to control the property of this country at the present time. I have no doubt that just as, seven or eight years ago, succession duties and death duties were proposed in this house and were more or less scorned, so, when this war is over, we shall have to find ways and means of meeting war obligations, and one of those ways and means, I predict, will be a levy on accumulated wealth.

With those few words I wish to conclude what I have to say. I am glad to see that we have taken this step, at least, in the right direction.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I do not accept the hon. member for Rosetown-Biggar (Mr. Coldwell) as my professor of modern history. He should know that, after the Prussian war, France had to pay five billions of francs—cinq milliards—and it was paid in a very short time, on account of the reserve which the French peasant had in his woollen sock. On that account the war was not so hard on France as it would have been had France been living on government proposals such as those advocated by the hon. gentlemen upon your extreme left.

Furthermore, in these times, the cause of the defeat of France is to be found in the devaluation of the franc. This measure decreased so much the values of the currency possessed by Frenchmen who had annuities from the state that they became communists; they had not the same interest in defending their country as when they were owners and proprietors.

The right of ownership is something which has existed since the beginning of time, but of recent years it has been gradually replaced by theories which are most dangerous to the welfare of any country. I am in favour of the old order of things. It seems to me that our mistake is to go always ahead and forget that the best is in the past. Instead of trying always to go forward into uncharted seas, we should return to the old principles which have assured during scores of years the prosperity of this country.

For the past twenty years the teachings of economists and social scientists in all the universities of the world have been responsible for the misinformed young men who, though having no experience of life, have been accepted as experts and who now find themselves in the role of Moses—and I insist on Moses—the Moses' who are supposed to bring the people of Israel into the promised land. In saying that, I do not make a pun on the Goldenbergs, the Rasminskys, the Cohens and the Heapses who infest the civil service of Ottawa. I refer only to the example of the old times. Moses never entered the promised land; he saw it only from a distance, and afterwards his people got in.

I wonder whether it is not better to reflect a little upon the emptiness of modern theories of social science and economics, and go back to the experience of ages for the drafting of policies to be applied in this country.

There was, of course, the experiment of President Roosevelt in the United States. He had a brain trust, but he dispensed with it. Now we have one, and I wonder whether it is not time to get rid of it and to revert to policies which have proved so satisfactory in times past.

I shall not pursue this topic at length, because I understand that there is to be a government statement, but I protest against all new policies until there is some justification for them, and the views of so-called experts do not constitute any justification, because they are not experts; they have not the least experience of ordinary business; they have no contact with the people, and they are the most dangerous citizens that we can find in this country.

Some people are surprised at the way things are going. The government is not to blame. I have every sympathy with the ministers. The only reproach I might make against them is their proneness to accept with closed eyes and open mouths the theories which are offered to them by these young freshmen or sophomores.

Hon. GROTE STIRLING (Yale): For one moment I wish to detain the house for the purpose of calling attention to the fact that, in the absence of the leader of the opposition (Mr. Hanson), the leader of the Cooperative Commonwealth Federation party (Mr. Coldwell) has given expression to opinions which it is perfectly proper for him to have and to give expression to. The only thing I regret is that he should have done so in the absence of the one whom he was criticizing. The leader of the opposition will have his own opportunities of replying to that criticism if he sees fit; but I think it is right to make

this observation, that the leader of the opposition and his colleagues of this party have not expressed themselves as being opposed to the principle of the legislation brought forward, but have carried out those duties which we of the opposition consider lie upon us, to examine the matters which arise in such resolutions and to offer such criticisms of them as they think are warranted. To that extent, in my opinion the leader of the opposition carried out his obligations in this house.

Mr. J. H. BLACKMORE (Lethbridge): I feel that under the circumstances I should take perhaps a minute of the time of the house. We have had well and vividly placed before us to-night a struggle between the old way of doing and a new way. Something has gone wrong with our way of life. As a result of it, we are becoming subjected to taxation which is ruinous. The leader of the opposition (Mr. Hanson) has properly voiced his objection to the onrushing tide of devastating taxation. I should like to draw the attention of hon. members of the opposition to this fact, that if they were in the position of the government to-day, and if the Minister of Finance were a good Conservative of the finest Conservative type, he would be forcing upon this country a burden of taxation quite as onerous as that which the present Minister of Finance feels himself obliged to force upon the country.

I have listened with great care to the objections of the Conservatives, and not once have I heard any Conservative member state what he would do to raise the money without this taxation.

That is very serious. The leader of the Cooperative Commonwealth Federation group (Mr. Coldwell) has told us, as is characteristic of one with his ideas, that this kind of taxation is quite all right; that it is along the right lines. I draw the attention of the house to the fact that hon. members in my movement maintain that this system of taxation is all wrong, and that there is a way of managing a country like Canada, so as to have all the revenue you need to fight the war just as vigorously as the material resources you have will enable you to do, and still maintain in this country such a set of prices, such a condition of freedom from taxation as will enable people to possess their own homes, as the hon. member for Témiscouata (Mr. Pouliot) longs to see them do, as the leader of the opposition wishes to see them do, but as the leader of the Cooperative Commonwealth Federation party very aptly and wisely says they now do not. In other words, the very things that both the Liberals and the Conservatives and all the rest of us are longing for, namely, individual ownership and freedom to produce and own and direct our affairs, rugged individualism and all those fine things which made our fathers great, are passing away because we will not adopt a system of public management which can preserve us from the conditions of debt which are coming upon us.

I am not going into any details except just to assert once again that it is not necessary to have all this centralization, all this socialization, all this tendency toward government ownership, all this crushing taxation, all this bewildering regimentation which is coming upon us; it is not necessary to have this fear, this anxiety, this frustration and bewilderment, this unemployment, when we have a country as rich as Canada. I just wish to draw that to the attention of hon. members. There is every reason for the people of Canada even to-day to have hope, to look up and to rejoice. But we are not going to have hope and rejoicing by the further development of the policies which are being forced upon us by the administration at the present time.

Mr. J. A. ROSS (Souris): In reference to some of the remarks made by the leader of the Social Credit party—

Mr. CRERAR: Would my hon. friend permit me to interrupt for a moment? It is almost eleven o'clock and at the request of the Prime Minister, when this third reading is passed I wish to revert to motions to table a statement in order that it may be printed in *Votes and Proceedings* for tomorrow. Unless my hon. friend has something very pertinent—

Mr. ROSS (Souris): I will take only a minute. I just wish to say with regard to the hon. member's remarks concerning the opposition to the budget and so forth, that I, as one member of the opposition, in any criticism that I offered on the budget or any exemption for which I asked, offered a substitute in every case. That is all I desire to say.

Motion agreed to and bill read the third time and passed.

ST. LAWRENCE WATERWAY

ADDITIONAL DIVERSIONS OF WATER AT NIAGARA FALLS—TABLING OF NOTES EXCHANGED

Hon. T. A. CRERAR (Minister of Mines and Resources): With the consent of the house I should like to revert to motions, in order to lay on the table at the request of the Prime Minister the exchange of notes between Canada and the United States of America relating to additional diversions at Niagara falls, to which reference was made some days ago. They embody communications from the Secretary of State of the United States, Washington, to the Canadian Minister to the United States,

Washington, and from the Canadian Minister to the United States, Washington, to the Secretary of State of the United States, Washington. They are tabled in English and French with the request that they be printed in to-morrow's *Votes and Proceedings*.

Along with them I desire to make the following statement:

1. The house is familiar with the provisions of the St. Lawrence agreement which was signed in March of this year, and with the exchange of notes which took place in October last.

2. Without embarking upon an explanation of the agreement, it may be observed that article VIII enables either country to divert water into the St. Lawrence watershed and to utilize the water so diverted for power purposes, so long as it remains a part of international waters.

Mr. MacNICOL: That is permanent then.

Mr. CRERAR: Article IX provides for the preservation of the scenic beauty of the Niagara falls and river, for the construction of remedial works, and for the efficient utilization and equitable apportionment of the waters of the Niagara to the extent that is consistent with the paramount need to preserve their scenic beauty.

3. Last October, to ensure continued acceleration of the supply of essential war materials, an agreement was made by exchange of notes, copies of which are to be found at pages 34 to 36 in the white paper tabled in the House of Commons on March 21. These notes provided for the bringing into force, in advance of a St. Lawrence agreement, of the provisions enabling Ontario to proceed with the Ogoki and Long Lake diversions and to utilize immediately 5,000 cubic feet per second of additional water at Niagara. This made it possible to develop immediately, using idle equipment, 70,000 horse-power.

4. The demand for power grows from day to day and from month to month. It is not a problem of static industry, it is one of constantly expanding production. Continuous expansion of production can only take place if there is corresponding expansion of hydro-electric power.

5. To meet this situation, a proposal has been made by the government of the United States of America, leading to the immediate further utilization of the water at Niagara. It involves the immediate diversion of 5,000 cubic feet per second on the United States side, which will produce 70,000 horse-power; and the immediate diversion of 3,000 cubic feet per second on the Canadian side, which will produce 35,000 horse-power, mostly in the form of additional energy.

6. This proposal has been embodied in an exchange of notes which took place on May 20. It might be of service to hon. members if copies, in English and in French, were included in *Votes and Proceedings* of to-day. I am tabling them for that purpose.

7. This exchange is being submitted to the senate of the United States for approval to-day, and it is expected that its provisions will be put into effect to-day or to-morrow.

8. It provides for the immediate diversion of 5,000 cubic feet per second on the United States side and 3,000 cubic feet per second on the Canadian side. There is at present an idle plant on the United States side which can use 12,500 cubic feet per second. The maximum amount of additional water that can be effectively used in Canada, with existing equipment and under existing market conditions, is 3,000 cubic feet per second. That is the reason for the apparent discrepancy in this apportionment.

9. In substance, the exchange accelerates the provisions of the St. Lawrence agreement, whereunder additional power would be made available at Niagara, and it takes advantage of relatively high water conditions in the lakes to give effect to these provisions before the construction of the remedial works.

10. The agreement is subject to certain conditions. In the first place, it cannot extend beyond the duration of the present emergency; in the second place, it is subject to reconsideration by both governments on October 1, 1942; in the third place, it will be subject to the provisions of article IX of the Great Lakes-St. Lawrence basin development.

11. It will also be observed that the agreement enables the engineers of the two countries to proceed at once with the programme for remedial works.

12. When this proposal was first made to the Canadian government, the temporary Canadian Great Lakes-St. Lawrence basin committee was asked to report upon the question as to whether immediate increases in diversions of 5,000 cubic feet per second to the United States and 3,000 cubic feet per second to Canada would be detrimental or harmful to Canadian interests.

This committee, under the chairmanship of Mr. Guy A. Lindsay of the Department of Transport, and including in its membership the chairman and chief engineer of the Hydro-Electric Power Commission of Ontario, the vice-chairman of the Quebec Streams Commission and the legal adviser of the Department of External Affairs, has advised

the government that such diversions would not be detrimental or harmful to Canadian interests. The committee studied, amongst other things, the possible effect of proposed diversions (including a total of 15,500 cubic feet per second) upon the Niagara falls and river, and have submitted the following statement:

Although it is assumed that the construction of these remedial works will be proceeded with immediately, if the diversions are authorized there will be a period during which the flow over the falls is depleted before the effect of the remedial works is felt. The committee does not think this is a serious matter however, because with flow conditions in the Niagara river approximately those of 1940, the diversions of an additional 15,500 cubic feet per second for power purposes would still leave a more satisfactory scenic spectacle at the falls than that which existed in the recent low water years of 1934, 1935 and 1936. In reaching this conclusion no account has been taken of any betterment of conditions which may have been brought about at the Canadian flank of the Horseshoe falls due to the recent construction of the gathering weir of the Canadian Niagara Power Company.

The government, therefore, reached the conclusion that the proposals submitted by the United States government, having regard for lake levels and for the paramount need for preserving the scenic beauty of the Niagara falls and river, would not be detrimental to this country. I do not suggest that if the diversions had been likely to affect the scenic beauty the government would have refused to go on with the agreement. The urgent need for power for vital war production is a paramount consideration. It is, however, satisfactory to know that this additional power can be developed without prejudice to the beauty of the falls.

It being nine minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Friday, May 30, 1941.

The house met at three o'clock.

PRAIRIE FARM REHABILITATION

AUTHORITY TO UNDERTAKE PROJECTS INVOLVING ANNUAL EXPENDITURE OF LESS THAN $5,000

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a bill to amend the Prairie Farm Rehabilitation Act by empowering the minister, subject to the advice and representations of the advisory committees, to undertake certain minor rehabilitation projects and schemes and enter into agreements with respect thereto, provided that if the total amount to be expended under any such single project or scheme exceeds five thousand dollars in any fiscal year the approval of the governor in council shall be required; also to authorize the minister to pay administrative expenses and travelling and living expenses of officials and employees.

He said: Mr. Speaker, the amendments which are to be contained in the bill which will be based upon this resolution give the minister authority in respect of schemes and projects involving expenditures of less than $5,000; and beyond that amount the authority of the governor in council is required. This procedure is similar to that already provided in section 12 (1) of the act, with respect to the purchase or rental of equipment. Similarly the minister is given authority to pay administrative and travelling expenses, which were not hitherto provided for. Those travelling expenses and administrative costs have been paid, but it is contended by the auditor general that the act does not contain specific authority for such payments, and this amendment is designed to place that specific authority in the act.

Further, at present the act requires the approval of council for all agreements. In order that council may not be burdened with a multitude of minor agreements, such as those entered into with pasture patrons, illustration station operators, and tenants on irrigation projects, the amendment provides that the authority of council shall not be required unless the expenditure under an agreement is to exceed $5,000 in any one fiscal year. The procedure made possible under these amendments is similar to the practice now followed in respect to all ordinary departmental activities.

His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

CANADIAN ARMY

RECRUITING CAMPAIGN—ACTION IN THE EVENT OF FAILURE TO SECURE QUOTAS

On the orders of the day:

Mr. G. S. WHITE (Hastings-Peterborough): Mr. Speaker, I should like to direct a question to the Minister of National Defence. My question is in two parts: (1) Will the minister give the house a report on the recruiting campaign to date? (2) If the required number of 32,000 men for active service is not secured in this campaign, what does the minister propose to do in regard to this quota and future quotas?

Hon. J. L. RALSTON (Minister of National Defence): As to the first question, I think it

is too early as yet to give a report on the recruiting campaign. My hon. friend will understand that the organization is just being completed, the adjutant-general having just returned from a trip to the west.

The second point involves a matter of policy which would be decided in due course.

DARTMOUTH, N.S., AIRPORT

EASTERN PASSAGE AERODROME CONTRACTS—TILLEY REPORT

On the orders of the day:

Mr. P. C. BLACK (Cumberland): Mr. Speaker, is the Minister of National Defence for Air in a position to give the house a report respecting the eastern passage aerodrome at Dartmouth? It is now more than two weeks since the minister informed the house that he expected the report would be placed before the house within the next few days. The matter has been before the department now for about seven months.

Hon. C. G. POWER (Minister of National Defence for Air): I said I expected to receive a report within a few days. As a matter of fact I had a telephone message sent to Mr. Tilley the day before yesterday, and I have been promised that report either Monday or Tuesday.

Mr. BLACK (Cumberland): Would the minister lay on the table of the house a copy of the correspondence between his department and Mr. Tilley, who is carrying on this investigation or inquiry?

Mr. POWER: I shall consider that.

NATIONAL PARKS

BILL TO WITHDRAW CERTAIN AREAS FROM PRINCE ALBERT PARK AND ESTABLISH NEW BOUNDARIES

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Mines and Resources. I have received a communication from the secretary of the board of trade of Prince Albert, Saskatchewan, pointing out to me that he had received a letter from the Minister of Mines and Resources, in which it was indicated that the bill to amend the National Parks Act, having particular reference to Prince Albert National Park, would not be proceeded with. Would the minister advise the house as to the accuracy of that report, and whether or not the bill will be proceeded with at this session?

[Mr. Ralston.]

Hon. T. A. CRERAR (Minister of Mines and Resources): The expectation is that the bill will not be proceeded with.

WAR EXCHANGE CONSERVATION ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of Bill No. 77, to amend the War Exchange Conservation Act, 1940.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Fournier (Hull) in the chair.

On section 1—Duties of customs, schedule two.

Mr. HARRIS (Danforth): In the resolution stage Bill No. 77 received scant attention and consideration, although it is a most important measure. Under the circumstances I think an explanation is due the committee from the minister. Perhaps he would give a more exhaustive statement than was given on the resolution. The probability is that since the resolution was introduced on May 23, the day preceding Victoria day, he has received representations. If there are to be changes from what appeared in the resolution, the committee would like to know about them.

Hon. J. L. ILSLEY (Minister of Finance): I do not know that I can add anything to what I have said before. The measure was discussed in resolution stage.

Mr. HARRIS (Danforth): It was only a short discussion.

Mr. ILSLEY: It speaks for itself. I explained when the resolution was before the committee what was being done under the measure. For the most part this bill consists in a reduction of duties on goods coming from the United Kingdom. That is its main feature. I explained the reductions proposed, and I do not know how I could go much further.

Mr. HARRIS (Danforth): Since the situation has not been enlarged upon by the minister, I should like to make some further observations, the first of which is that all hon. members are very anxious to do everything possible to bring in from Great Britain anything she can export in order that she in turn may be supplied with more Canadian dollars. That, Mr. Chairman, is the foundation for the remarks I purpose making.

At the same time, as we all know, the United Kingdom has suffered considerably from air raids and other conditions arising out of the war. Plant after plant, factory after factory,

has received direct hits. The operation of plants has been greatly disturbed. In the main, the machinery in bombed factories is still there, although a good deal of it has not been put back into service.

My point in mentioning these facts on the present bill is that many of the plants operating in England would like to remove to Canada the remaining machinery and other manufacturing equipment and establish branch factories here.

Speaking in reply to a question of the leader of the opposition the minister stated that this legislation is only for the duration of the war. The leader of the Cooperative Commonwealth Federation observed yesterday that once these changes are made they will remain. I hope the minister did not pay too much attention to that point raised by the hon. member, and I am hopeful that with the close of hostilities the war exchange conservation measure will be dispensed with.

This is a tariff which the minister has described as a tariff for revenue, but it is one which we all know has protective features as well. The minister himself knows that very well. He will recall that in 1932 there was passed in this house a certain British empire trade agreement which contained protective features. In fact, I rather believe he had the privilege or the honour of voting for that trade agreement. The features which were embodied in that, perhaps the greatest of all agreements between the United Kingdom and Canada, are pretty well nullified by this measure in respect of groups 1, 5, 6, 7, 8, 9, 10 and 11 of the Customs tariff. Those are really the main items in matters of trade between Canada and the United Kingdom. Taking that large group and giving them a duty discount of 50 per cent will not tend to encourage industry in the United Kingdom to establish branch plants in Canada if the minister and the government and all sections of the house do not adhere to the view that this legislation will be done away with at the cessation of hostilities.

I have in mind a large group of commodities in which the labour content is at least fifty per cent, such as non-metallic minerals. We imported about $9,500,000 worth of these from the United Kingdom in 1939, the duty being in the neighbourhood of $500,000. There is an abundance of raw material in Canada, such as aluminum, copper, lead, and so on. All through my remarks I want to convey the idea that our fellow Britishers in the United Kingdom will be anxious now, as they were several generations ago, to move out to a new country. In the old country are many artisans, technicians and men trained in these arts and trades. If we can stimulate this movement by encouraging the establishment of branch factories, we shall be doing a great deal to take care of the difficult situation which will face us when hostilities cease.

In connection with the other group, iron and its products, I do not suppose there are any better mechanics in the handling of iron than those who come from Scotland and the old country. Normally we import about $20,000,000 worth of these products each year. Many of the goods in this group have a large labour content, in some cases as high as sixty per cent. These goods are in universal use both here and in the United Kingdom, and their manufacture fits in with the establishment of branch plants in Canada. What obtains in that regard, obtains in respect of chemicals and chemical products. I am thinking of the salt deposits in the lakes of western Canada and the other basic chemicals which are available in Canada. I am thinking of the possibilities of using the coal to be found in the west and establishing manufacturing plants in Alberta where coal is plentiful. The manufacture of these articles requires a good deal of heat treatment, of fuel, and so on.

What applies here, applies also to the miscellaneous products which come in from the United Kingdom to the extent of $10,000,000 a year. All in all, the value of the manufactures coming in from Great Britain is well over $150,000,000. The United Kingdom is grateful and thankful for what Canada has done in this regard of its own free will. They have realized that we want to help them in every possible way. At the same time I hope that all those who have studied this situation will realize that we are anxious for them to locate here after the war. One thing that will bring them here is the hard, commonsense view that the Englishman takes of a problem of this kind, the pounds, shillings and pence view. If he knows that he is to be given some protection as between the mother country and this country in the days to come, he will feel more disposed to establish his branch plant in Canada.

I have a criticism in regard to something that happened in connection with this legislation. I have under my hand a cable which I received two weeks before the budget was brought down, before we knew that there was to be any change in the discount rate which would be allowed on goods coming from the United Kingdom, making a general rise in the British price of commodities equal to the concessions being given by this legislation.

I am not making any charge and I do not know whether our United Kingdom friends had an inkling that this was going to happen. I hope it was because they felt that their costs were going to be a little higher and they should raise their prices from ten to twenty per cent. I had hoped when the cables came in that that was the condition obtaining in the United Kingdom, that their costs were higher and they had to have more money. But the rise in the level of costs represented in the main by this $100,000,000 odd coming from Great Britain is given back by this legislation, and the delivered price in Canada is much the same.

The minister and the leader of the opposition have both said that they did not receive many representations from the trade opposing or criticizing this particular legislation, and I think in part that that is the answer. I am happy that the United Kingdom is getting an extra ten or fifteen per cent during this critical time. Our Canadian people are happy to pay this extra amount and I suppose they are grateful to the administration for increasing the discount rate and thus reducing the cost of the commodities so that the general situation in the price levels with regard to exports to this country is as the United Kingdom dictates, the United Kingdom getting the extra dollars from the increase they have made in their prices. But at the same time I want the administration to know that there is a possibility of something happening which enables the United Kingdom producer of commodities ordinarily exported to Canada almost to equalize the benefits which we have passed on under this legislation.

A moment ago I referred to the fact that this is another breaking down, as it were, of the British empire trade agreements of 1932 and the Canada-United Kingdom agreements of 1937. So much so that Australia and New Zealand, which have been shipping goods to Canada in conformity with United Kingdom shipments to Canada, more or less in agreement, by quota or otherwise, now find it difficult to make shipments to Canada by reason of this particular concession to the United Kingdom. I do not complain of that. Australia will have to take it, and New Zealand likewise. I just make the observation so that it will be realized that this bill is of great importance, far-reaching in character, and will have to be given very serious consideration when hostilities cease. I suggest to the minister that if those engaged in industry in Canada have no idea that something is going to happen, how do our friends over there seem to know that something is going to happen?

[Mr. J. H. Harris.]

Mr. ISNOR: Would the hon. member give us the name of the commodity mentioned in the cable to which he refers?

Mr. HARRIS (Danforth): I shall be glad to cable England and get permission to release the information if my hon. friend so desires.

The other question I wished to raise was why there should be such a difference between the discount rates on different commodities. Just why was one group singled out for 25 per cent while the main body was given 50 per cent, and why were boots and shoes favoured? It seems to indicate that some of the trade had an idea as to what was going on. I am sorry that the Minister of Justice (Mr. Lapointe) is not in his seat. Years ago, whenever boots and shoes were touched in any way whatsoever or there was even a suggestion of it in the house, we used to get the undivided attention of the hon. member then representing one of the Quebec city seats, now the Minister of Justice. If that little item of boots and shoes from the United Kingdom does not amount to anything, why were our producers of boots and shoes not put in the 50 per cent discount class along with the other manufacturers? I do not ask that that be done. I am just wondering why some seemed to be favoured. Looking over the explanation when the bill was introduced, I see no particular mention made of boots and shoes other than that the trade was small.

Mr. ILSLEY: There is just one point I should like to discuss briefly, and that is the suggestion that British exporters in some way had foreknowledge of these changes. That was impossible because the changes were not decided upon until a very short time before the budget was introduced—a day or two, I think, or two or three days.

The fact that some commodity prices quoted to importers here advanced about two weeks before the budget was introduced by the amount of duty reduction which came with the budget is easily explained. Prices have been advancing in Great Britain. If I understood the hon. gentleman correctly, he said that there was not much difference in prices there.

Mr. HARRIS (Danforth): No—if I may interrupt. There is not much difference now in the general level of prices because the amount by which they have raised prices is taken care of by the discount.

Mr. ILSLEY: I do not think that is so. I have figures here showing price rises in some United Kingdom goods since September, 1939. Prices on these goods have advanced on an average 70 per cent between August 1, 1939,

and February 28, 1941. Following are indices for some of the more important materials, taking August, 1939, as 100:

(August, 1939 = 100)

Cotton	156
Motor spirit	135
Copper	124
Spelter	177
Coal	134
Wool	167
Rubber	148
Lead	156
Tin	148
Farm crops	166

These figures are taken from the *Economist* of March 29, 1941. So there is nothing to give ground for any suspicion of a price rise two weeks before the budget.

Mr. HARRIS (Danforth): While that is quite true, at the same time there has been a price rise in Canada, but not to quite the same extent.

Mr. ILSLEY: Nothing like it.

Mr. HANSON (York-Sunbury): Does the minister suggest that the two events have no relation to each other, and that it was just intelligent anticipation over there of what was going to happen?

Mr. ILSLEY: I should think it was extremely improbable that those exporting the goods had anything in mind relating to our budget. Costs were going up and they were putting the prices up. This has been happening ever since August, 1939. This is what I said in committee of ways and means on May 20:

> It is believed that a discount of 25 per cent from the British preferential tariff should be adequate to enable British woollens and boots and shoes to remain competitive. These products are not handicapped to the same extent as most with respect to either raw materials or labour, and due to their relatively high value in relation to weight they are affected less by increased transportation costs. Moreover, there has not been apparent any tendency for imports from foreign countries to replace British woollens and boots and shoes in the Canadian market.

Mr. HARRIS (Danforth): As I understand it, any change whatsoever in the United Kingdom-Canada trade agreement affecting either the remnant that is still in the empire trade treaty of 1932 or the main portion of the Canada-United States trade agreement must, by clause 17, be made by consultation. The minister says that he decided on this only one or two days before the budget was brought down, but I should imagine there was consultation between Canada and the United Kingdom before this change was made.

Mr. ILSLEY: You do not have to consult if you are reducing duties against the United Kingdom. Consultation is in cases where you would be depriving the other party of something by reducing his preference. Consultation would take place if you were increasing the duties against the other party or reducing the duties on goods from other countries.

Mr. HANSON (York-Sunbury): Is that specifically mentioned in the covenant?

Mr. ILSLEY: I do not know.

Mr. HANSON (York-Sunbury): I do not think it is.

Mr. ILSLEY: Just look at the reason of the thing. There never was a clause in any agreement by which one country said: We will consult with you before we lower the duties on your goods coming into our country. There would be no point in a clause of that kind.

Mr. HANSON (York-Sunbury): The intention was that the status quo under the agreement should be preserved and that no change should be made without consultation. It was not limited to an upward revision; it contemplates any revision, if I understand the section.

Mr. HARRIS (Danforth): Perhaps the minister can answer in one word: Did he consult the United Kingdom?

Mr. ILSLEY: No. There were representations made some months before by their trade representative here in Canada to the Department of Finance that certain concessions on certain commodities would be appreciated. That is a common thing.

Mr. HARRIS (Danforth): There really were some representations made some two months before the bringing down of the budget?

Mr. ILSLEY: Some months before; I would not say two.

Mr. HARRIS (Danforth): No doubt the President of the Board of Trade in Great Britain, who enjoys cabinet rank, knew of these changes two months in advance, or knew that the trade representative here whom the minister mentioned had some suggestions that would be very welcome.

Mr. ILSLEY: Probably he knew that representations had been made.

Mr. HANSON (York-Sunbury): Has the minister anything to say with respect to the suggestion of the hon. member for Danforth that we should do what we can to bring out branch factories? It seems to me that that would be wholly desirable if we could do it. I should like to have a reaffirmation that these proposed changes, like those made a year ago or in the last budget, are for the duration, and not beyond.

Mr. ILSLEY: That is covered by statute. Section 10 of the War Exchange Conservation Act provides that the act shall expire on the date of the issue of a proclamation under the War Measures Act declaring that a state of war no longer exists, or on such earlier date as may be fixed in a proclamation of the governor in council.

With regard to the moving of factories to Canada, I understand that the export of capital is not permitted by the foreign exchange control board; and I doubt whether we should attempt to take advantage of the situation in England by seeking the transfer of these industries permanently from Britain to Canada.

Mr. SLAGHT: How could they spare their key men?

Mr. HANSON (York-Sunbury): I am not suggesting that.

Mr. MacINNIS: I have not very much to say on this section. Indeed, I have not very much to say with regard to any part of the bill. I wish, however, to state that this group is very much in favour of the principle of giving favoured treatment to exports from the United Kingdom at this time. For the life of me I cannot understand our friends to the right. At one moment one would think they had a monopoly of all loyalty and all patriotism, and the next moment they are haggling as to whether small concessions of this kind are going to continue after the war is over.

Mr. HANSON (York-Sunbury): The hon. member had better take that view of the government. They advanced it first.

Mr. MacINNIS: Yes. But I wonder whether they realize how much restriction on trade has had to do with the bringing on of the present war. If we are to have lasting peace in the future we shall have to concern ourselves with freedom of trade as well as with military matters. But this seems to be the philosophy of my hon. friends: we are to assist the British empire—in this instance, Great Britain—with all our might to win a military victory over Germany, and as soon as that victory is achieved we are to go back to the old system of trade wars, even as between the various parts of the British empire. Now, if, as is on everybody's tongue, we are to play a constructive part in the building of a "new world", we shall have to give up these old-fashioned ideas and be prepared to look much farther ahead than was evidenced, say, in the trade agreements of 1932.

I have before me a quotation from the London *Times*. No one can accuse that journal of radicalism, but I fear that in its progressiveness it is considerably ahead of my hon. friends on the right. In a recent editorial it says:

> It has become a truism to say that we cannot put the European house in order unless we put our own house in order, too. . . . Not all the demands of war economy, which have already revolutionized many of our ways of life and thought, will come to an end at the moment when the cease-fire is sounded.

Mr. SLAGHT: What is the date of that?

Mr. MacINNIS: I have not the date, but it is quite recent. The book is entitled, "Dynamics of Democracy", by Philip Child and John W. Holmes, with a foreword by Sir Robert Falconer.

The hon. member for Danforth (Mr. Harris) suggested to the Minister of Finance that he should not take much notice of representations made to him by members of this group. I do not know whether or not the minister has done so; that, however, is not important. We have approved as much of his policy as we found ourselves in accord with, and we have made certain suggestions and have hopes for the continuance of some of this legislation. The Minister of Finance may not have taken any notice of suggestions made by members of this group, but the minister will take notice of economic developments, and this house will take notice of economic developments; and if my hon. friends are not prepared to do the same, some other party will sit in the seats of the mighty in this country for many, many years to come.

Mr. HANSON (York-Sunbury): That is wishful thinking all right.

Mr. MacINNIS: Changes will come about, whether we like them or not, and if we allow our little vested interests to interfere with world progress, it is we who will suffer.

Mr. HARRIS (Danforth): It is quite true that I made the observation referred to by my hon. friend, with reference to the following statement of the minister as reported in *Hansard*, page 2980.

> Mr. Ilsley: I readily give the undertaking that the matter is only for the lifetime of the War Exchange Conservation Act. It is an amendment to that act; it is not a change in the tariff itself. That act expires automatically upon the issue of a proclamation that a state of war has ceased to exist.

In discussing another observation of a like nature, the leader of the party supported by the hon. member for Vancouver East expressed the hope and belief that, once these changes were made, they would remain on the statute

book. I refute that. I have confidence in the assurance given by the Minister of Finance that these measures, which are put into effect now to help Britain for the duration of the war, will be subject to change when the war is over.

May I also take this opportunity to correct a misapprehension of the hon. member for Parry Sound (Mr. Slaght) as evidenced in his remarks a few moments ago. I have no intention of suggesting that any men, any equipment or any machinery should be moved from Great Britain during this war, or that anything else should necessarily be transferred here from the United Kingdom while the war continues. But when the war is over, if this legislation is not removed from the statute book, the hardheaded business man in England will think twice before he moves his plant to, or establishes a branch in, any country with which there is practically free trade with the United Kingdom—whether it be Canada, Australia, or anywhere else. Having that in mind, my view was that the removal of this legislation from the statute book at the close of the war would be a great encouragement to our friends from the United Kingdom to establish branch plants in this country—much as, during the last two or three decades, many branches of United States industries have been established in Canada, due to no other fact than that we do not permit free trade between the United States and Canada in the commodities which those industries supply.

Mr. SLAGHT: The hon. member suggested that he was construing what I was thinking, but let me assure him that I had no thought that any suggestion of his was intended in any way to indicate that there would be the slightest endeavour to have British industry harmed at all. I assumed his intense loyalty and desire to help, and only that. It occurs to me that when hon. gentlemen opposite, and perhaps some of us on this side, attempt to evoke from the ministry assurances that bill after bill, measure after measure brought down during this emergency shall operate only during the war and not thereafter, we are indicating a sensitiveness in that regard which is not being shown even by the people throughout the country. Surely by this time all hon. members have realized that most of the measures with which we have occupied ourselves this session are strictly war measures, and that no administration should be asked to say that they will become inoperative on the termination of the war. Surely we should not be so supersensitive as to require a declaration of the kind. Sufficient unto the day is the legislation thereof, when we are in a dilemma of this kind. I am sure the hon. member who spoke a moment ago, with his studious mind, will at once recognize the analogy. I do not think we can assume that from now on most of the legislation brought down will be the result of present conditions; and leave it to the future, be it distant or near—we all hope it will be near—when all these measures may be reviewed by the parliament then entrusted with that task.

Mr. LEADER: I am prompted by the remarks of the hon. member for Vancouver East (Mr. MacInnis) to offer a word at this juncture. I hesitate to venture upon a discussion of anything so complex as fiscal matters. As a rule such things are difficult for farmers to understand, and even when they do understand them they find difficulty in discussing them as experts would. But speaking as a Liberal I want to say that I believe the vast majority of Liberals in this country will agree with members of the Cooperative Commonwealth Federation party that this is a step in the right direction. I believe in Liberal policies and Liberal traditions, and I believe the statement I have just made will meet with the approval of most Liberals in this house. Certainly it is the opinion of those whom I represent that these policies not only should be adopted for the period of the war, but should be continued after the war as well. Two or three weeks ago I had occasion to chide some of my Conservative friends who had said that some restriction ought to be placed on United States goods entering this country. At that time I said statesmen were not talking that way now.

Mr. HANSON (York-Sunbury): Well, the government is acting that way.

Mr. LEADER: The tendency is entirely in the other direction.

Mr. HANSON (York-Sunbury): Not according to the legislation.

Mr. LEADER: I heard over the radio the speech delivered by Mr. Anthony Eden yesterday afternoon, and if the leader of the opposition did not hear it I suggest that he read it. Mr. Eden agreed with the view that has been expressed by Mr. Bevin, Mr. Churchill, Mr. Hull and Mr. Roosevelt, that the time has arrived when we must remove the restrictions on foreign trade. I can always understand the viewpoint of the Conservative party. I remember that in this house, in 1924, I said we could easily appreciate the Conservative policy because in season and out of season, in office and out of office, they have advocated high protection. At that time I went on to chide the Liberals because when they were out of office they talked of lower customs duties, but invariably when they

assumed office they kept the tariff at about the same level as the Conservatives had it when they were in power. Now that the party with which I am affiliated is willing to step out and reduce these duties, I want to encourage it in its action, and I think that should be done by every Liberal member of this house. Back up this administration. We want the trade barriers removed; we want justice in this country. This very war we are fighting to-day was caused by restrictions on international trade. Perhaps now we are learning what we should have learned twenty years ago, that these trade restrictions have caused unrest, distrust and misery among the people of the world. I have heard it stated that this war was caused by the interests of capital and the interests of the people coming into conflict. We must remove the causes of war, and one of the very best things we can do is to accept the advice of the great statesmen of England and the United States; and I believe we have some in Canada as well.

Now, Mr. Chairman, if you will not call me to order I should like to say something that I may not have an opportunity to say again, and it will not take me more than two minutes. I want to compare the Canadian manufacturer with the British manufacturer. Why can the Canadian manufacturer not compete with the British manufacturer, even without a customs duty?

Mr. MacNICOL: Because he pays the men in his factory 50 per cent more than the British manufacturer pays.

Mr. LEADER: If they cannot compete they should go out of business.

Mr. MacNICOL: May I ask the hon. member a question?

Mr. LEADER: I do not speak in the house very often, and I am sure hon. members do not begrudge me these few minutes. Perhaps I am out of order in these remarks, but as a farmer and live stock producer I think at this time the government should undertake to bring out from Great Britain as much as possible of the thoroughbred live stock at present in that country. Britain is the nursery for many of our best breeds of live stock, and the government should give consideration to this suggestion if they have not done so already, because it may be that millions of those grand animals will be slaughtered. We have plenty of room for them here in Canada; and as a live stock producer and breeder I am not afraid of competition from the old country.

Mr. JACKMAN: Can the Minister of Finance or the Minister of Trade and Commerce say whether or not any disposition or desire has been shown by the British manufacturers to establish branch plants in Canada? Has there been any evidence of that?

Mr. MacKINNON (Edmonton West): Undoubtedly a great deal of thought has been given in the old country to the establishment of branch plants in Canada, though war conditions and difficulties in connection with foreign exchange have practically put a stop to anything of the sort for the time being.

Section agreed to.

On section 2—Items deleted from schedule 1.

Mr. ILSLEY: Perhaps this is the stage at which I should move an amendment I wish to propose, as follows:

1. That the said bill be amended by inserting the following as clause 2 and by renumbering the present clauses 2 to 6 inclusive, 3 to 7 inclusive:

2. Subsection one of section eight of the said act is repealed and the following substituted therefor:

8. (1) The governor in council in order to increase or conserve Canada's supply of foreign exchange may, on the recommendation of the Minister of Finance, enter into agreements with individuals, partnerships or corporations to grant assistance by way of special tax credits and/or special allowances for depreciation or depletion under the Income War Tax Act and/or the Excess Profits Tax Act, if, in the opinion of the governor in council, such assistance is necessary in order that an expansion of the exports of any individual, partnership or corporation receiving such assistance may take place or that the exports of any such individual, partnership or corporation may be maintained at levels higher than would otherwise obtain, or, in the case of any individual, partnership or corporation operating an oil well or oil wells, if, in the opinion of the governor in council such assistance is necessary in order that sufficient drilling of new wells may take place to maintain or extend the production of oil in Canada and if the Minister of Mines and Resources certifies that such drilling is in oil-bearing areas which give reasonable prospect of yielding producing wells. The provisions of any such agreements granting special tax credits and/or special allowances for depreciation or depletion shall be effective notwithstanding anything contained in the Income War Tax Act or the Excess Profits Tax Act.

2. That clause 7 of the said bill be amended by substituting the word "four" for the word "three" in the third line thereof, and substituting the word "five" for the word "four" in the fourth line thereof.

Mr. HANSON (York-Sunbury): What is the effect of that last paragraph?

Mr. ILSLEY: It has to do with the renumbering of the other sections.

I will explain this amendment to the committee. Under section 8 of the War Exchange Conservation Act, 1940, the governor in council may enter into agreements for increasing Canada's supply of foreign exchange by expanding exports. That does not permit agree-

ments for the conservation of foreign exchange by developing production here which would take the place of imports. It is not desired to take that power in a broad way, because it is a dangerous power and on the whole, I think, undesirable. I would not want to take it for the whole field, because probably it would be expected that the government would be entering into agreements with manufacturing industries and others to give them tax advantages in order to eliminate the competition of foreign imports, which would be protective legislation of a very extreme character.

Mr. HANSON (York-Sunbury): In a word, it would be the bonus system.

Mr. ILSLEY: Yes. It is not desired to do that. But there is an acute situation in regard to oil, and we have adopted the principle of treating gold and oil on a separate basis under the Excess Profits Tax Act. After much consideration I decided to suggest that we ask parliament for power to make agreements with those who may be drilling for oil, which would enable us to make the same sort of concessions that we can make under the act as it is at present, with a view to getting a greater production of oil in Canada. Gold, of course, is subject to this act now, because gold is an export commodity.

Mr. HANSON (York-Sunbury): The minister was good enough to hand me a copy of this proposed amendment some days ago, and I have endeavoured to give it some study. The difference between the present section and the new section, as the minister has stated very succinctly, is that the present section gives the governor in council authority to enter into agreements for the purpose of increasing our supplies of foreign exchange. The additional power contained in the amendment is sought for the purpose of conserving our foreign exchange by an attempt to stimulate the production of a certain commodity, namely oil, to take the place of oil which otherwise would have to be imported. Of course I understand that the oil situation is acute at the moment, not because an ample quantity of crude oil is not available, but simply because transportation facilities are becoming increasingly difficult to secure. It may be said that this is entirely in the experimental stage; but can the minister tell us whether oil prospectors or producers have asked for it, or whether the suggestion emanated from the oil controller or from the governor in council. What was the genesis of the idea, and just what does the minister expect will result from it?

Mr. ILSLEY: It came to me from the oil controller, through the Minister of Munitions and Supply. I understand also that one or more of the companies made representations to the same effect. I do not know; I did not see anyone acting on behalf of those companies, but the representations were to the effect that under the present taxation laws, with wildcatting for oil so uncertain in its character, it was practically impossible for the companies to undertake it, but that much more of this drilling would be undertaken if some power was given to make concessions.

Mr. HANSON (York-Sunbury): I think I understand the theory, having had the benefit of a recent conversation with the oil controller. In effect it would appear that this is an indictment of the policy of excess taxation, in one limited field. The minister must know, I think, that the policy adopted with respect to gold mining has had the effect of freezing the business of prospecting. I am informed that this is so, that none of the promoters are willing to put out a dollar in prospecting for further gold ore, in view of what they consider to be the excessive taxation on gold mines. Personally I do not know whether or not that taxation is excessive. I am quite willing to see this go through as an experiment, to see what will result, but I hope the minister will be very careful in the exercise of the authority here given. With his native caution I have no doubt he will be careful, and it may be that no undesirable result will follow.

While we are dealing with this project, has the minister anything to report with respect to the powers that were conferred on the governor in council by the legislation now being enlarged, with respect to obtaining more foreign exchange by means of exports? What has been the result of that legislation? How many agreements have been entered into? Has there been any fruit in the way of increased foreign exchange, or is the legislation still in the experimental stage?

Mr. ILSLEY: Six draft agreements have been approved by order in council. I think that is all. There may have been one or two more about which I have forgotten, but I do know of six. So far as I am aware none of these agreements has been signed. I am under the impression that some steps have been taken in the faith that the agreements will be signed, but the actual result to date in the production of foreign exchange would be very small, if any.

Mr. HANSON (York-Sunbury): Would the minister care to indicate the type of business? If that is not desirable I shall not press it.

Mr. ILSLEY: I did that before, in a general way, in answer to a question of the leader of the opposition. I believe the field in which

we have the most negotiation is the export of pulp and paper. But the applications are by no means confined to these products. They extend to some manufactured goods, depending on the United States market and on some other factories as well. There is a large number—I do not know exactly how many—of applications pending at the present time. As has been pointed out, it requires considerable caution on the part of the department, because the power is great, and the improper exercise of it would not be charitably viewed. It would look as if it were a private deal between the government and a private company.

Mr. HANSON (York-Sunbury): On general principles this legislation, viewed from other aspects, is wholly undesirable, because there is a chance to play favourites. I am not suggesting that the minister will do anything of the sort. But in view of the rather critical situation as I understand it with respect to foreign exchange, and having regard to all our commitments, I believe the minister is justified in taking what I might call a flier in this field. I hope it will not be too detrimental to the treasury, and that it will be productive of some fruits for the foreign exchange position. We shall wait until another session to see what has happened. Was there not some provision, arrangement or undertaking whereby when these agreements are completed and become operative they will be made public?

Mr. ILSLEY: They must be tabled within fifteen days after the next session.

Mr. HANSON (York-Sunbury): They cannot be obtained until parliament is in session?

Mr. ILSLEY: No.

Mr. ROSS (Calgary East): Let us suppose a company has drilled a well in each of the four years 1936, 1937, 1938 and 1939. Each of the wells produces at the rate of one hundred barrels a day. On what basis would the standard of taxation be fixed?

Mr. ILSLEY: The hon. member is talking about the Excess Profits Tax Act?

Mr. ROSS (Calgary East): Yes, I am coming to that. I assume these agreements would deal with that act. I want to know the basis for the excess profits tax.

Mr. ILSLEY: The standard profits are the average of four years. But there is a special formula relating to oil wells and gold mines. The principle of the special formula is that the excess that is taxed is not the excess earnings per dollar invested, but the excess earnings per unit produced. That rule is far more favourable to the producer than is the other rule. It would mean that if there is a large production in the taxation year, a production much larger than the average four base years, there is an assumed production of that increased amount in the standard period. I realize that this is a complicated matter, and I do not believe I shall be able to make it clear without spending considerable time on it. I should like to have the act before me when I am making the explanation. If the hon. member would like to see me about it later I should be pleased to go into it with him.

Mr. ROSS (Calgary East): Yes, that would be better.

Amendment agreed to.

The ACTING CHAIRMAN (Mr. Fournier, Hull): Following this amendment section 2 becomes section 3.

Section agreed to.

Section 4 (formerly section 3) agreed to.

On section 5—Schedule I further amended.

Mr. HARRIS (Danforth): We are now dealing with the old section 4, having to do with part II of schedule I. The idea most of us have in our minds when we are considering war exchange conservation is to do everything possible to get hold of United States dollars, to save our Canadian dollars going to the United States for United States products, and to assist the United Kingdom by providing her with Canadian or United States dollars, as the case may be. This item is an attempt, and in view of all that has taken place in the last ten years, I would say it is a very feeble attempt, to exercise some control over a situation which has developed more particularly since the war started. The condition goes even deeper than that. Even before the war we had our friends in the United States initiating legislation of a kind which affected very seriously Canada's position with regard to the items enumerated in section 5 of the bill.

The situation in the last five or six years is that our friends in the United States saw fit to impose on the commodities mentioned in this section, and all other commodities in that group, whether they were of the vegetable or animal kingdoms, when entering the United States, an excise duty of three cents per pound. Before the war the producing countries of the commodities recited in the section were north Africa, Nigeria, Straits Settlements and, in respect of coconut products particularly, Ceylon and the Gold Coast. Those products found their way in the crude state to the United Kingdom, where they were processed

and whence they were exported to Canada. Brazil became an extensive producer of these commodities, and we know that China was perhaps one of the first producers in large quantities. Large quantities were obtained from the Dutch East Indies, British Guiana and the West Indies. These commodities were part and parcel of the empire trade agreement, and no change with respect to them could be made unless by special agreement. Later the United Kingdom-United States-Canada agreement carried a clause under which after consultation a change could be made and, as the minister mentioned, consultation was necessary only if the change was a revision upward.

In this northern Canadian zone the production of fats cannot be carried out as cheaply as in countries which produce fats from the palm and coconut trees and from pea or ground nuts, as they are called in India and China. In Canada fats are produced by raising hogs or cattle, whereas in these other countries they are produced from the palm tree, from ground nuts and copra, without the necessity of having to provide shelter or feed as in the case of fat from hogs and cattle. The result is that production costs are very low on vegetable oils.

In August, 1936, the United States imposed an excise duty of three cents per pound upon commodities of this type which had not been covered previously by processing taxes. The result was that there was backed up upon the world's markets a billion pounds of these commodities. Canada had free trade with the United Kingdom and other parts of the British empire and the market conditions in those countries were quite depressed. The result was that this depressed condition was passed on to Canada, and we found ourselves without any market for our animal fat production. Evidence was produced to show that we must take similar steps to those taken by the United States in 1936 to protect our primary producers. It was shown that if this were done the average return per animal would be from $1 to $2 in the case of cattle production, and about the same return per head to the producers of some 8,000,000 hogs.

After a lengthy investigation, a recommendation was made to this house on April 13, 1939, showing that the revenues of the country would be enhanced by $4,700,000 if these measures were put into effect. The tariff board recommended a tax of three cents per pound on fats used for shortening and two cents per pound on inedible fats. This estimated revenue was based upon a consumption of 125,000,000 pounds of edible fats and 65,000,000 pounds of inedible fats. The second point is the fact that there would be an increased return to those producing cattle and hogs.

Another important consideration was the fact that there would be conservation of waste. Because there was practically no market for animal fats, the tendency to waste had grown up. The market used to be in Chicago, but we could not get into that market because of the imposition of the three cents excise tax.

This legislation is being introduced in an effort to conserve foreign exchange. Prior to the war these commodities were purchased largely from the United Kingdom and British empire countries. That practice had some merit because from $7,000,000 to $10,000,000 of Canadian funds went into the British market. When the war started we were all anxious that as many Canadian dollars as possible should go to the United Kingdom, and the adoption of the recommendation of the tariff board was not particularly pressed. Great Britain, however, soon required all the fats she could get and exports were stopped. In 1939 38 per cent of our imports came from the United Kingdom; in 1940 these had dropped to 14 per cent; in 1941 they had dropped to 2 per cent, and the minister has told us that they are now negligible. What obtains with regard to the United Kingdom, obtains also with regard to empire countries. The difficulty is that these products are still coming in to the tune of 208,000,000 pounds from Brazil, China and the Dutch East Indies. United States dollars must be found to pay for these commodities. Whereas $1,000,000 in United States funds was sufficient to provide for our imports in 1936 and 1937, I think I am safe in saying that to-day United States dollars are required for 95 per cent of the imports of these commodities.

The minister has said that he has not the figures for 1941, but we have the figures for 1940 which show that $7,000,000 in United States funds were used to pay for the imports of this commodity out of a total import value of some $8,000,000. To-day we are forced to provide United States dollars to pay for a commodity previously purchased from the United Kingdom and British empire countries.

The next point is the loss of a revenue of $5,000,000. When the hon. member for Rosetown-Biggar (Mr. Coldwell) was speaking in the house last night he said that our party had no alternative to offer. A definite alternative with regard to the raising of revenue is the putting into effect of the recommendation of the tariff board on reference No. 99, which was tabled in April, 1939. This would provide a revenue of at least $5,000,000 per year, and there would be an indirect benefit through the conservation of waste.

Why should we bring in 65,000,000 pounds of inedible fats from Brazil and China to provide for our soap production when the fat

production of this country is not being fully utilized? I was not at Petawawa this week when hon. members visited that camp, but one hon. member told me that he saw evidence of waste. He saw a bucket of fat going into the garbage can, from which no return could be had. The proper conservation of waste in this country would replace at least 20,000,000 to 30,000,000 pounds of this particular commodity. When this legislation is passed I hope that those charged with the responsibility of issuing permits will see to it that everything is done to conserve and use our own supply rather than to permit these commodities to come in without restriction.

The only excuse we have for not adopting this recommendation is that it would affect the United Kingdom agreements. At a previous session my hon. friend said that our friends in the United Kingdom did not desire such legislation. There is no import from any of the British possessions, and we are in the embarrassing position of having to supply seven to eight millions of United States dollars, and also of sitting here as a parliament and, one time out of a hundred, not adopting a recommendation which came from a body which is a creature of this parliament, namely, the tariff board, which made its recommendation respecting the application in reference No. 99. I do hope that those charged with issuing the permits will give very serious thought to the permits they issue.

When it was asked in this house how many United States dollars were supplied to take care of the imports of these commodities the reply, in effect, was that the bureau of statistics kept the figures and the foreign exchange control board did not keep a duplicate set of figures on these different commodities. A little generosity on the part of the government, or a little consideration for the member who asked the question, would have resulted in the information being readily supplied. Only about five importers of any consequence import these commodities, and they import ninety per cent of the total imports. In fifteen minutes a clerk in the foreign exchange control board could run over the imports of these five large organizations, whose names are all on *Hansard*—I remember putting them on myself some years ago—and the government could have obliged the house by giving an answer without our having to criticize in these strenuous times and demand that the information be brought down. The answer given to that particular question was not fair to the house, Mr. Chairman. It might have been the truth that the bureau of statistics compiled the records, but the government could have obliged us by giving the main items. The minister knows them, because he referred to them the other night when he introduced his resolution. Here is a good opportunity to save some foreign exchange and at the same time help our general economic position.

Mr. ILSLEY: There is one statement to which I should like to take exception, and that is that there are no imports of vegetable oils now from the British empire.

Mr. HARRIS (Danforth): Four-tenths of one per cent from the British empire.

Mr. ILSLEY: No, it is about 18 per cent of the total imports of 1940.

Mr. HARRIS (Danforth): I said 1941.

Mr. ILSLEY: We are in 1941 now.

Mr. HARRIS (Danforth): Three months.

Mr. ILSLEY: I see—the calendar year 1940.

Mr. HARRIS (Danforth): I gave these figures: 38 per cent, 14 per cent, and this year 2 per cent.

Mr. ILSLEY: Last year it was 18 per cent, and the value of imports from the British empire was $1,519,897 and from foreign countries $7,374,907. We were satisfied it would be useless to take up this question with the United Kingdom government, and it might have been undesirable to do so even if it had not been useless. It was useless because the United Kingdom government prizes exports from other parts of the sterling area practically as much, if not just as much, as it prizes exports from the United Kingdom itself.

Mr. HARRIS (Danforth): I quite agree that the United Kingdom or the colonial office in London prizes trade on behalf of the colonies. With regard to the minister's observation about 18 per cent coming in, that was for the calendar year 1940?

Mr. ILSLEY: That related to the calendar year 1940.

Mr. HARRIS (Danforth): The imports are practically nil now.

Mr. ILSLEY: I do not know.

Mr. HARRIS (Danforth): There is nothing in our relationship with the United Kingdom, or the British empire for that matter, which would preclude us from taking advantage of the ideas which the tariff board have with regard to imports from foreign countries. There is at present a tariff of 10 per cent against goods coming in from foreign countries, but

there is nothing, as I see it, to preclude us from carrying out the board's recommendation and imposing this duty on goods coming in from foreign countries. It would indirectly help the general economic situation by bringing into the dominion treasury from four to five million dollars.

Mr. ILSLEY: The tariff board's recommendations were for an excise tax or processing tax on the oil content of soap and edibles. The foreign ones could not be segregated. If a tax like that were imposed it would mean the whole oil content, wherever the oil came from. It would be impossible to apply the board's recommendations to imported oil only, because no one could tell what proportion of the oil in shortening was imported from foreign countries and what was from the British empire. Therefore the recommendation in that form could not be applied to foreign oils only.

Mr. HARRIS (Danforth): There are practically no imports from the United Kingdom now.

Mr. ILSLEY: That is true.

Mr. HARRIS (Danforth): The imports for the three months ending March of this year are practically negligible. I do not know why we cannot get the figures. What were the imports for January, February and March of this year?

Mr. ILSLEY: I have not got them.

Section 5 (formerly section 4) agreed to.

On section 6—Schedule II amended.

Mr. HAZEN: I was going to ask a question about section 5. A number of the items in schedule II are being deleted. Do they then have to pay a higher rate of duty? For example, there is item 228 in schedule II, soap powders, and so on. Under schedule II they paid a duty of 10 per cent. What duty will they pay now?

Mr. ILSLEY: Schedule II is a schedule of items which come in from the United Kingdom free or at reduced rates.

Mr. HAZEN: What will they pay now? Formerly the duty was 10 per cent.

Mr. ILSLEY: They are covered by a previous section of the act. I have here a column of schedule II rates and a column of the rates resulting from section 1. Section 1 is very comprehensive. It covers most of the goods which are imported from the United Kingdom, so that when we take a number of items out of schedule II, they are covered by section 1. I may state the results, if the hon. gentleman is interested. They are as follow:

Item No.	Schedule Two Rate Per cent	Rate resulting from section one Per cent
220a	10	8¾
220b	10	10
228	10	10
X284	15	10
288	10	10
429b	10	7½
429e	10	7½
439	15	10
439a	10	7½
445f	10	7½
445g	10	7½
445k	10	7½
451b	10	8¾
572	25	15
573	10	7½

Mr. HAZEN: In every case there is either a reduction or it remains the same? In no case is there an increase?

Mr. ILSLEY: That is true.

Section 6 (formerly section 5) agreed to.

On section 7—Coming into force.

The ACTING CHAIRMAN (Mr. Fournier, Hull): This section is numbered 6 in the bill; it now becomes section 7.

Mr. ILSLEY: You will note, Mr. Chairman, that two words are changed; "three" becomes "four" and "four" becomes "five" in that section.

The ACTING CHAIRMAN (Mr. Fournier, Hull): That is the second part of the amendment?

Mr. ILSLEY: Yes.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

SPECIAL WAR REVENUE ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of Bill No. 88, to amend the Special War Revenue Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Fournier (Hull) in the chair.

On section 1—"Minister."

Mr. HANSON (York-Sunbury): The intention of this paragraph is to allocate the betting tax to the Department of National Revenue?

Mr. ILSLEY: Yes.

Section agreed to.

On section 2—Tax on horse-race bets.

Mr. HANSON (York-Sunbury): I have no objection to the proposed tax. But as to section 6 of the new part II, to whom are the returns to be made, and to whom is the tax to be paid? On the face of it the answer is not clear. Section 6 of part II says:

> Every person liable for taxes under this part shall file each day a true return of the total bets made on that day and the amount of tax due by him.

Is the return to be made to the minister?

Mr. ILSLEY: The Minister of National Revenue has charge of the administration of the measure, and the return will be made to whomsoever the minister designates.

Mr. HANSON (York-Sunbury): That is the assumption, but where does it say that?

Mr. ILSLEY: I do not think it is necessary to specify it, where the minister has the administration of the act.

Mr. HANSON (York-Sunbury): That is by implication?

Mr. ILSLEY: It is provided in the national revenue act that the minister shall have the administration of the act.

Mr. HANSON (York-Sunbury): Should it not be stated in the statute to whom the return and the payments should be made?

Mr. ILSLEY: I do not think so. Perhaps it should be the local collector, the nearest collector. I think it would be.

Mr. HANSON (York-Sunbury): If the minister is of the opinion that the machinery is there, I am satisfied.

Mr. ILSLEY: I think so.

Section agreed to.

On section 3—"British company."

Mr. HANSON (York-Sunbury): Does this affect Lloyds? I understand from the inspector of insurance that it does not.

Mr. ILSLEY: That is correct. It does not.

Mr. HANSON (York-Sunbury): I do not want to get into a discussion on a question of jurisdiction or anything of the kind. The conflict between the dominion and at least one of the provinces has been an old stand-by for almost as long as I can remember. What is the attitude of the Ontario government with respect to this?

Mr. ILSLEY: It is not favourable, I am sorry to say.

Mr. HANSON (York-Sunbury): That seems to be the position we are drifting into, does it not? However, let us not get into that discussion to-day. It is a wide subject to open up in any event, and I am certainly not taking any part in this family quarrel. But it is quite clear that this does not apply to Lloyds and that the deletion of the last section in the present law, that is to say, British companies, will not include in the definition Lloyds or any similar organization, and policies issued by them will not be taxable under this section.

Mr. ILSLEY: That is correct. When I said "not favourable" I had no reference to any attitude towards Lloyds.

Mr. HANSON (York-Sunbury): I did not so construe it.

Section agreed to.

On section 4—Insurance tax, British or foreign company or exchanges.

Mr. HANSON (York-Sunbury): The elimination of the words "or of any province thereof" is consonant with the preceding section?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): That is the intention?

Mr. ILSLEY: Yes; the two go together.

Section agreed to.

On section 5—Tax on long distance telephone calls.

Mr. HANSON (York-Sunbury): How much increased revenue is expected from this additional tax?

Mr. ILSLEY: It is estimated that the increased rates will produce $600,000 additional revenue in the full year, $550,000 in the rest of the present fiscal year.

Mr. HANSON (York-Sunbury): It is understood that this is just an additional tax on business.

Mr. ILSLEY: Not altogether.

Mr. HANSON (York-Sunbury): The major part of it is. Let there be no misunderstanding about it, this is a tax on business. I suppose the government itself will pay something, but it is essentially an additional tax on business for revenue purposes.

Section agreed to.

On section 6—New part V—definitions.

Mr. HANSON (York-Sunbury): I am glad the minister has made this applicable to officers, clerks and servants of the government. It goes on to say, "or the government of any province." Does the minister anticipate any difficulty with the provinces over that?

Mr. ILSLEY: I do not anticipate any.

Mr. HANSON (York-Sunbury): Here the government is putting its own officers on exactly the same level as those of the provinces. It is not dealing in quite the same way in some other jurisdictions and in the taxing of some other sources of revenue.

Mr. ILSLEY: These sections are in the act now.

Mr. HANSON (York-Sunbury): The underlined parts are new, are they not?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): With regard to buses, in many places buses in the city have taken the place of street cars. Is the tax paid in that case?

Mr. ILSLEY: There is an exemption on tickets up to fifty cents.

Mr. HANSON (York-Sunbury): The minister has not thought of taxing taxicabs?

Mr. ILSLEY: No.

Mr. MacNICOL: Under paragraph (b), the word "vessel" includes any ship or boat of any kind whatsoever whether propelled by steam or otherwise. Does that include a motor boat that might be carrying only one passenger or perhaps at the most five? I am referring to small boats that operate on the lakes or as small ferries.

Mr. ILSLEY: Yes.

Mr. MacNICOL: If "yes" is the answer in connection with (b), I notice that (c) eliminates the tax on any bus carrying less than ten passengers. "Bus" includes any automotive vehicle of any kind whatsoever adapted or adaptable for passenger use with seating capacity of more than ten persons. I am not suggesting that there should be a tax on passengers on small buses or taxicabs, but why exempt motor vehicles that may carry as many as ten passengers? There is no tax there, but there is a tax on any small boat that may be operating on the Muskoka lakes or elsewhere, carrying one, two, three or four passengers, and always less than ten.

Mr. ILSLEY: The reason for the bus definition is to exclude passenger cars. I did not realize that there was a similar necessity in the other case. I do not think there would be much taxi work by small boats.

Mr. MacNICOL: There is quite a lot of it on the small lakes around Muskoka and Parry Sound, and elsewhere. For instance, there is a good deal of it from Port Carling to some other small port, perhaps, where a motor boat would carry three or four passengers.

Mr. HANSON (York-Sunbury): I should like to have some information in regard to commuters who travel on weekly or monthly tickets to and from the city from outside points. The single ticket would be less than fifty cents, but if the passenger bought a book of weekly or monthly tickets I presume he would have to pay the tax.

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): Well, is that clear?

Mr. ILSLEY: I think so.

Mr. HANSON (York-Sunbury): That is the way you intend to administer it?

Mr. ILSLEY: It is the way it is administered. The question arose as soon as the resolution was introduced and we straightened it out.

Mr. HANSON (York-Sunbury): The department is collecting the tax now?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): But it is not charging on tickets that cover more than one fare, where one fare would be less than the exempted amount?

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): Is that clear in the statute?

Mr. ILSLEY: Yes.

Mr. MacNICOL: In reference to paragraph (b) do I understand that a motor boat carrying on a passenger service, taking one or more passengers, is liable to the tax? Will those who purchase tickets to travel in such small boats be taxed?

Mr. GIBSON: That is correct. Where the motor boat charge is more than fifty cents, the tax will be collected. In a great many of the smaller transportation companies, transportation on inland lakes is carried on by small motor boats, taking a small number of people considerable distances sometimes, and quite often they have not the capacity of even ten.

Mr. MacNICOL: I have already planned a trip to the Northwest Territories, and it will require me at Waterways to engage a motor boat. For instance, I shall have to go down the Athabaska river twenty-five or thirty miles to make a survey of tar sands. I am quite willing to pay the tax, and I am not inquiring on behalf of myself; I am referring to myself simply by way of illustration.

Mr. GIBSON: The hon. member would be purchasing a right to travel; it is the same thing.

Mr. HANSON (York-Sunbury): In my province there is one method of transportation which has not been drawn to the attention of the department. On the lower stretches of the Saint John river the provincial government operates, for the benefit of those communities, a ferry service in which round-trip tickets are sold, which will aggregate more than fifty cents for passenger and vehicle. Take the Gagetown ferry in Queens county. You buy a round-trip ticket, and it will cost you more than fifty cents. Will there be a tax on that?

Mr. GIBSON: If it is more than fifty cents, the tax applies.

Mr. HANSON (York-Sunbury): In any event the tax will apply?

Mr. GIBSON: Yes.

Mr. HANSON (York-Sunbury): That will be very popular in that part of the country!

Mr. STIRLING: Does the minister mean that—where a book of tickets covers more than a score of round trips?

Mr. GIBSON: No; but where one round-trip ticket is more than fifty cents.

Mr. ROSS (St. Paul's): Suppose you go to Timagami, going twenty miles down the lake, and you hire a motor boat from a transportation company. The minister knows what I am talking about. Do you pay a tax on that? I did not hear the minister say whether tickets bought by the month would be taxable, where the one-way fare would be less than fifty cents.

Mr. GIBSON: I was in Timagami last week and I was assessed the tax. It was put into effect and was working there. As regards a book of tickets, the tax does not apply where one ticket is less than fifty cents.

Mr. MacNICOL: How much did the minister pay? I ask so that I may be prepared.

Mr. JACKMAN: With regard to people who commute from twenty-five miles outside the city, where the charge, even with a book of tickets, is in excess of fifty, sixty or seventy cents, these people, a number of whom work in Toronto, will be under a hardship. Many of the people who ride in these buses are girls working in offices or young men who hold junior positions. If they are subject to the tax it will be quite a hardship on them, because already transportation is one of the big items in their budgets. I wonder whether there is a strong reason for fixing the amount at fifty cents, because fifty cents would take one only about fifteen miles on the ordinary bus, whereas if the limit were a dollar, and there would be no serious loss to the department, it would be a great help to a good many people who work in the larger cities, coming from points twenty-five or thirty miles distant. The fifty-cent limit will catch a good many people who have to travel of absolute necessity to their places of business, and some people cannot afford the additional burden. Could the limit not be raised?

Mr. ILSLEY: I am surprised to learn that there are people with small means who are paying more than fifty cents or a dollar a day to get to their work. That must be a mistake.

Mr. JACKMAN: I am thinking particularly of Woodbridge, which is just nineteen miles outside the city. Sometimes I go six miles further and the single fare is seventy cents. I am sure the fare for many of these people must be more than fifty cents. There are people who go ten miles north of that point, commuting every day, and this tax will strike them hard. There are people who come from Aurora, and there are a number of small towns round Toronto that are twenty-five miles away.

Mr. GILLIS: We have heard a great deal of controversy with regard to the application of the tax to members of the armed forces travelling on railways. Are all members of the forces exempted from this tax?

Mr. ILSLEY: The hon. member will find a proviso on page four of the bill, at line eight, to the effect that the tax shall not apply to members of the forces proceeding on leave.

Mr. HANSON (York-Sunbury): The minister may not be aware of it, but this question of commuters is one that affects a great many people. The hon. member for St. John-Albert knows more about it than I do, but there are many people in Hampton, New Brunswick, working in Saint John, coming in every day on round-trip tickets costing more than fifty cents. Under this provision they will have to pay the tax. This is a direct tax on employees. Could the fifty-cent limit not be raised?

Mr. ILSLEY: I am informed that there has been no complaint.

Mr. HANSON (York-Sunbury): I have heard about it. But even if there is no complaint, that is no reason why we should impose onerous taxation.

Mr. ILSLEY: The complaints must be extremely limited. At the outset there was a complaint because people were under the impression that the tax applied to books of tickets.

Mr. HANSON (York-Sunbury): But that has been clarified?

Mr. ILSLEY: Yes, and since then there has been no complaint.

Section agreed to.

Section 7 agreed to.

On section 8—When taxes not payable.

Mr. HANSON (York-Sunbury): Under section 6 a great many sections are dealt with. Does the minister think an annual licence will give more control?

Mr. REID: Must everyone in a ticket office procure a licence?

Mr. HANSON (York-Sunbury): Any person selling tickets may be required to take out a licence.

Mr. ILSLEY: There is one licence for the Canadian Pacific and one for the Canadian National.

Mr. EDWARDS: May I revert to section 6 for a moment? Paragraph (c) gives the definition of a bus as follows:

(c) "bus" includes any automotive vehicle of any kind whatsoever adapted or adaptable for passenger use with seating capacity for more than ten persons.

The Banff national park is in my constituency, and we are confronted with the situation that thousands of booking agencies are selling all-expense tours which include not only transportation by railroad but also sightseeing tours incidental to the stop-off at Banff, Lake Louise, Jasper or any other of those world famous resorts. It is the practice of those people to travel by bus from point to point within the parks.

The effect of this definition is an unfair differentiation in that a person who travels in a ten-passenger bus would be required to pay a tax, whereas a person who travels exclusively in a private car would pay no tax for that right. There is some unfairness there which should be cleared up. The tax ought to have general application, rather than single out only the ten-passenger bus. In other words, the poor person who travels in the ten-passenger bus must pay a tax, whereas the person travelling from Banff to Lake Louise in a private car pays no tax.

Mr. HANSON (York Sunbury): The hon. member seems to assume that a man travelling in a private car does not pay any transportation charges at all. I understand it requires about thirty fares to have a private car—unless one is a cabinet minister.

Mr. EDWARDS: I have sent the minister a memorandum on the point, and I should like to have it cleared up. I appreciate the fact that these booking agencies have already booked thousands of dollars worth of transportation by tourists, a traffic which we are so anxious to encourage. What will happen? Are we going to insist that companies and individuals who live by this means of conducting tourists through national parks, and who gain a most precarious livelihood, must assume the tax? Or, perforce, shall we go back to the United States tourists, for the encouragement of whom we are spending thousands of dollars, and say to them, "You must now come through with an additional ten per cent on your ticket"? We are spending large sums of money to encourage those people to see the beauties of this country, and to see it at its best. What will be the result on the very trade we are so anxious to encourage in every way possible?

Mr. STIRLING: Is it not a fact that in connection with those very sight-seeing tours to which the hon. member has referred there are numbers of vehicles which do exactly the same service and do not carry ten passengers?

Mr. EDWARDS: Yes.

Mr. STIRLING: Therefore a distinction is made between the large and the small vehicles?

Mr. EDWARDS: Yes, quite. Probably there are more of the smaller than of the larger ones.

Mr. GIBSON: When tourists originate in the United States, tickets would be sold in the United States. No tax is charged on tickets sold outside Canada. In the same way, tickets sold in Canada for tours commencing in Canada but going outside the country are taxed here.

Mr. EDWARDS: That answers the difficulty so far as foreign tourists are concerned. But how are those people going to be identified? As I understand it, all they carry is a certificate from a booking agent. That is presented to the bus operator in the national park by the tourist, indicating that he has bought and is entitled to free transportation by bus.

Mr. HANSON (York-Sunbury): Do they not give a transportation check which is collected, and then collect his money?

Mr. EDWARDS: No. I believe it is only a notification or advice that a person is entitled to such transportation. For instance, I have in mind the Rocky Mountain tour conducted by the Brewster company. A booking agency in New York will send advice after this fashion: "Mr. and Mrs. So-and-so will arrive at Banff at such-and-such a time. They will be entitled to transportation from Banff

to Lake Louise"—or Banff to Radium—"and they have paid the amount required, in accordance with your tariff." Those people may not have more than an advice slip. They have not a ticket, so-called.

Mr. GIBSON: In that event, if the tourist had an advice slip which at one point or another he would have to exchange for a ticket, the tax would be collected when the exchange was made, the exchange being made in Canada. If he has to exchange his ticket, or right, or whatever it is called, for a ticket in Canada, then at that point the tax would be collected.

Mr. ROSS (St. Paul's): The same would apply to tourists visiting the inland lakes in Ontario. The tourist motoring to Timagami and then wanting to go down the lake would have to pay a tax. He would be in the same boat as the tourist travelling through the national parks of the west.

Mr. EDWARDS: Does the minister suggest that if there is passage of a coupon or warrant from a booking agent in New York, from the tourist to the bus operator in the park—and remember, there is no exchange of money; it is an exchange of a right in the form of an advice slip or coupon—a tax must be paid?

Mr. GIBSON: Yes; it would have to be paid there, the reason being that the company which issues the ticket has to account for the tax on each ticket sold. If a company in Canada is issuing that ticket, it has to account to the government for the tax, no matter how payment for the ticket has been arranged.

Mr. EDWARDS: But the ticket was sold in the United States to a tourist in New York city, and he paid the money to the booking agency at that point. Then that booking agency in New York—or Chicago, as the case may be—gives the railroad ticket to the tourist who has purchased it. The agent may say, "That entitles you to a ride on a bus operated by one of the bus companies"—Brewsters, probably—"in our national park. You may ride from Jasper to Lake Louise, over the celebrated icefields highway."

There might be a possible evasion of the tax. It is inconsistent, because when a person rides in a two-passenger private car no tax is paid. If, however, ten or fifteen persons get into a vehicle on a certain day, and if Brewsters say, "You will travel in this sightseeing bus", a tax will have to be collected from the passengers. It is manifestly unjust, unfair and discriminatory, and I am afraid it will be prejudicial. I am reliably informed that hundreds of thousands of all-expense tours have been bought and paid for, and booked through our national parks. I am afraid this legislation will have a detrimental effect on the very trade we are so anxious to encourage. Therefore I recommend most strongly to the minister the advisability of either doing away with it altogether, so far as United States tickets are concerned, or—

Mr. HANSON (York-Sunbury): Why should they not pay it, if we pay it?

Mr. EDWARDS: Many of them have paid already.

Mr. HANSON (York-Sunbury): In the United States they have a tax which is to some extent analogous to this. If you buy a ticket in Miami for Havana, they charge you a landing tax at Miami and at Havana, which must be paid in advance. Apparently you get no service in return for this tax. I paid it under protest, but my protest was of no avail.

Mr. ILSLEY: I do not wish to leave the hon. gentleman unsatisfied as he obviously is, but I am afraid a complete answer cannot be given. It would be out of the question from the point of view of administration to start collecting a transportation tax from taxicabs or taxi-drivers. It is simply a matter of starting at the place where it can be done, and the line is drawn at ten-passenger vehicles. The same line is drawn in other legislation to make a distinction between passenger cars and buses. While there may be some inconvenience and irritation where tourists are using both types of vehicles, I do not see how this can be overcome. The amount would not be very great, and it is possible that it could be adjusted by the agency making some advance arrangement. It is a comparatively minor matter.

Mr. EDWARDS: I appreciate the difficulty. Our national parks are offered as an attraction for tourists, and I was wondering whether this tax could not be eliminated for this year when the vehicles are used within the parks. I am thinking of the possibility of building up irritation in the minds of the public of the United States.

Mr. GIBSON: The bureaux can adjust that by issuing a ticket instead of something to be exchanged for a ticket. They can simply go ahead and issue a ticket to wherever the purchaser desires to travel and by whichever route he desires to use.

Mr. ROSS (St. Paul's): Are you not going to get into a great deal of difficulty in connection with motor boats? You define a bus as a vehicle which carries more than ten passengers, but I think you are going to have

a good deal of trouble in this connection. You may have a man with a boat with an outboard motor, and I suppose he will be subject to this tax if he takes a passenger for a ride?

Mr. GIBSON: Yes. Anyone who uses a motor boat for hire is subject to certain definite regulations as to the equipment he must have and so forth. He must buy a licence and carry out the regulations, and I do not think there will be any difficulty in collecting this tax.

Mr. MacNICOL: I have travelled a good deal in the north country, by both motor boat and canoe. I have hired a motor boat with two Indians to go away for two or three weeks, for which I paid $25 a day which included tents, food, gasoline and everything. All I had to do was to walk across the portages. Would a motor boat used under such circumstances be taxable?

Mr. GIBSON: I would not say that it is a motor boat used for hire; I would say that you have rented the boat and are operating it yourself.

Section agreed to.

Sections 9 to 12 inclusive agreed to.

On section 13—Interpretation.

Mr. MacNICOL: I shall preface what I have to say by advising the minister that I know his problem. On the other hand, I have a duty to perform. I have in my hand a sheaf of telegrams which I have received, all protesting against this tax on amusements. I shall present them to the committee, and it will be for the minister to deal with them. The first, which is from Mr. McColgan of Toronto, reads:

> I protest against proposed twenty per cent amusement tax on hockey. This game is a source of entertainment to millions of radio fans throughout Canada and the tax may force the closing of rinks and deprive the people of pleasure and also employment.

I have another one from Frank Ayerst of Toronto, and also one from Sylvanus Apps, who is, I believe, the manager of the Maple Leaf hockey team. The latter reads:

> Although realizing the urgent need of increased taxation I feel that the twenty per cent tax proposed by the government on Canadian sport entertainment is too severe and would ask your cooperation with Mr. Conny Smythe in his efforts to have this prohibitive measure reduced.
>
> Respectfully yours,
> Sylvanus Apps.

I have one from Mr. Jack Gavin, one from the Toronto and associated skating clubs, one from W. A. Hewitt, one from Walter I. Earle, and one from W. C. Moore. I am sure that my colleagues have all received similar telegrams.

Mr. ILSLEY: All of us.

Mr. MacNICOL: There is one particular case I have in mind, the circus which is put on each year by Rameses Temple in Toronto for the benefit of crippled children. This runs for a week or ten days, and the proceeds are handed over, I believe, to the Sick Children's hospital, for the benefit of crippled children. Would a circus of that kind be taxed?

Mr. ILSLEY: It is for my colleague to rule on individual cases. We must be careful about these advance rulings. The matter is pretty fully covered by the exemptions to be found on page 9 of the bill.

Mr. MacNICOL: I also received telegrams from people associated with horse racing. Not being a patron of this sport, I cannot say much about it, but I do know that considerable good is done by way of breeding high class horses, especially for military work, although this may not be so important in recent years.

I should like to say one more word about the tax on picture shows. I have received numerous letters and telegrams about this, but perhaps I had better leave the discussion of this matter to the hon. member for Prince Edward-Lennox (Mr. Tustin) who is more familiar with it.

We all know that hockey, in winter, is a great source of revenue, of United States dollars, which are brought back by Canadians playing in big-league hockey in the United States. Those who have written to me about this tax say that it will undoubtedly have some bad effect on our great national sport of hockey, which has done so much not only to promote the health of our young Canadians but to bring into Canada United States dollars. However, the problem is the minister's. I do not know enough about any of these sports to be able to speak with authority about any one of them except to say that all sport tends to develop health, strength and sportsmanship in our young Canadians, and also in Canadians who are not young.

Mr. BENCE: I should like to say a word particularly from the point of view of how this tax will affect amateur sport in this country. I do so because I am strongly of opinion that this tax, if it should apply to the case of amateur sport, will have a detrimental effect so far as character building, health building and morale building of the young people of Canada are concerned. I notice that in the exemptions provided for on page 9 of the

bill, according to subsection 2 of section 122, the tax shall not apply to any performance held by a club for recreation provided that it is operated exclusively for non-profitable purposes and that no part of the revenue inures to the benefit or private gain of any person as proprietor or member thereof et cetera. There is a great deal of confusion with regard to this tax, in the minds of those public-spirited people who are sponsoring amateur sport in this country, football, baseball, and particularly so far as I am concerned, coming from the western provinces, amateur hockey. If this tax is not intended to apply to amateur hockey and other amateur sports, I think that should be stated clearly at this time.

I have particularly in mind the case in my own city, where the citizens banded together and by dint of very great effort managed to erect a rink. It is purely a community enterprise. That rink provides hockey for the various types of leagues in the city all the way from hockey for the very young boys, ten years of age, up to the seniors. We have our pee-wee league, our juvenile, junior and senior teams, and some commercial leagues. In addition, there is public skating, and fancy skating carnivals are put on from time to time. The junior and juvenile hockey, the general public skating and fancy skating could not possibly carry on if the rink did not raise revenue from senior hockey, and senior hockey has to be built up to the point where it will bring in enough revenue to carry the cost of operating the rink, so that it in turn can take care of these other activities for the benefit of the younger people and the general public, and these exhibitions which do not bring in much revenue. The senior hockey games draw fairly large attendances and the money is used, first, to provide for the general upkeep of the rink; second, to provide for expenses of the hockey team; third, to pay something on account of the capital indebtedness which was incurred as a result of the erection of that building. A great deal of the money was raised by public subscription in small and large amounts and we still have considerable capital expenditure to take care of.

Like the hon. member for Davenport, I have received quite a number of telegrams in connection with this matter, and I should like the privilege of reading one which was addressed to me by the president of Saskatoon Arena Limited, which succinctly puts the situation. He says:

Relative to 20 per cent tax on amateur hockey, this undoubtedly is going to cripple activities of the Saskatoon Arena Rink Company which you know is a community enterprise and is entirely backed by public subscription. We have a capital investment of over hundred fifty thousand and finding it difficult to make rink carry its overhead. Source of profit is that derived from hockey, and with this tax our receipts will undoubtedly be reduced. The other activities such as public skating et cetera are so small compared with receipts from hockey that if our hockey gates are impaired we will have to close the rink up, and if this restriction is on for a number of years your guess is as good as mine as to what would happen to the rink company.

If that rink has to close, it will stop all these other activities that have to do with skating and hockey in the city of Saskatoon, and I presume the same thing will happen in other parts of the country. Hockey is undoubtedly one of our greatest national pastimes; and when we consider how it has built up the character and health of our young people until they are the fine type of Canadian that Canada is calling for to-day to fight our battles, I think we should consider the matter seriously before we impose a tax that will cripple these activities and hinder the development of that type of young Canadian.

Mr. TUSTIN: I agree with what the hon. member for Saskatoon City has said, and if the minister would reconsider this tax I feel sure that he would change his mind about imposing this tax on all forms of entertainment and sport. There is no reason why he should not be able to reduce this impossible tax. Within the last number of days I have received a number of communications, particularly from small theatres in country towns, and in almost every instance I am advised that the attendance since the 19th of May has decreased by approximately 50 per cent. I drew this to the attention of the minister immediately after he made his budget speech, and again a week or so ago, and I draw it to his attention again now to urge him to reconsider the matter and impose this tax on a sliding scale. I can see no reason why it could not be put on a sliding scale; there would be no inconvenience in the collection.

In my opinion, 20 per cent of the gross is an impossible tax. Has the minister ever calculated what that means in dollars and cents? A small theatre, taking in $400 a week, must pay to the federal government $80 a week, or over $4,000 a year, besides paying taxes to the municipality, to the province, and to the owners of copyright for the music used.

I do not know that much is to be gained by occupying more of the time of the committee, but I again urge as strongly as I can that the minister give further consideration to

this proposal before the bill is passed, and do something to relieve the plight in which many of the smaller sporting organizations and theatres will find themselves as a consequence of this tax. I do not believe there is any person in this country who is unwilling to be taxed, but it is impossible for a great many to carry on if 20 per cent of their gross receipts is absorbed in taxation. I wonder whether, upon further deliberation, the minister will not realize that he is going to kill the goose which lays the golden eggs.

Mr. ROSS (St. Paul's): I wish to say a few words on this matter, and at the same time request a little information. To my mind the tax is pretty severe, and I believe that the minister, if he insists upon it, will come up against the law of diminishing returns, and reap less from this high rate than if he had imposed a lower tax.

While I have been sitting here I have jotted down a few figures. Let us take the case of the Maple Leaf hockey club in Toronto. At the present rate of taxation, supposing there are thirty-two games a year and the average attendance is 10,000, the additional revenue will amount to $64,000. But if the minister reduced the rate of taxation by half and made it 10 per cent, he would get $32,000. By taxing all these amusements, more revenue will be obtained, but certainly some of the consequences will be unfortunate. I suppose that my constituency, located in the centre of the city of Toronto contains as many theatres as any riding in the dominion. I have received telegrams from a number of them, and they are apprehensive of a serious falling-off in attendance if the proposed rate of tax is adopted.

I notice that certain provisions are made for exemption. Let us say that a contest is staged by a club for the purposes of recreation, that no part of the returns inures to the benefit or profit of any person as proprietor or member thereof or shareholder therein or to the person or persons organizing, promoting, or managing such contest. I am reminded of the Argonaut rowing club. People hold shares in the club, and various sports are engaged in, but football is what they depend upon to pay their debts. As a matter of fact, just now they are in the red. On the other hand, there is no doubt that financial benefits inure to a limited number of people. I have in mind particularly the trainers. Then there are the holders of shares. I do not know whether there is any bond issue. I know that the rowing activities of the club are supported by the proceeds of the club's football. What will be the position of the club under these circumstances?

Or take the Toronto skating club. No member derives any personal profit from the skating operations, yet the club is a corporation which has issued a certain number of shares, and there are people, such as the professionals who train persons to skate, who obtain some benefit. The club puts on a carnival each year, part of the proceeds of which, I assume, go to pay off the bonds, and part is contributed to charity.

Mr. BENCE: Some has to go to the rink.

Mr. ROSS (St. Paul's): A great deal goes to the rink. So-called amateur hockey to-day is amateur professional hockey, and under these circumstances the players benefit to a certain extent. But there is no manager receiving any benefit, and in many instances the citizens put up money to have these clubs carry on for the good of the sport. Under the clause as I read it, however, some sports are going to benefit.

While I am on my feet, let me say a word in respect of the legitimate theatre. Very few such theatres are now left in this country, and they have a hard enough time in carrying on, as they do, for the sake of art. Are they to be taxed or not? I do not suppose that they make any money.

A great many people are apprehensive about the effects of this measure. I have in mind the hockey situation in Toronto. It starts with the junior Midgets and goes right up the line to senior hockey. I do not know how many dozens of leagues have been organized. In some instances there are people, such as the men who train these boys, who derive benefit from the proceeds of the "gate." But nobody else makes any profit. This tax will be a great detriment to organizations of this kind. I do not believe it should apply to them.

The minister should give us some idea of what will happen. Just what people will be taxed? After all, in his budget speech he said that he was going to increase the revenues of the country by $8,000,000. By cutting down the tax on theatres and, perhaps, levying a reasonable tax on such things as professional hockey, which will bring in quite a considerable amount, as well as such other things as it is proposed to tax in this bill, he will not be so far short of his $8,000,000.

Mr. BLACKMORE: I should like to add my voice to those who are opposing this tax. I have spent a considerable number of years of my life—over thirty—in close connection with athletic work of all kinds, and I believe I can say, quite conservatively, that athletic sport is one of the most valuable things a

community can have. The development of the body, the mind and the spirit of the young people who participate in athletics—basketball, wrestling, boxing, hockey and so forth—is of such great importance that we can very well afford to deprive ourselves of a little revenue in order to encourage that form of culture.

The general morale of the people who enjoy athletic contests will be adversely affected if we do anything to discourage or to eliminate these activities. In the last war one of the reasons why our boys surpassed their opponents was that, through athletics, there had been developed in them an aggressive and a confident spirit. If this is to be a long war, we should be doing those things which tend to build up character and aggressiveness in our youth; but so far as I can see, this tax will have the opposite effect. It will make it impossible for athletic contests to be carried on.

I have spent a great deal of time in a basketball town, and I know that boys begin training when they are little fellows, around six or seven, and continue training all through the years in the hope of making the main team. If, however, the main team cannot play, that incentive is lost. It has always been a matter of great concern to me, as a community worker, to have boys placed in a good, wholesome environment so that they will not be loitering round dives and poolrooms. I am afraid the dive and the poolroom are the places they will go to if there is no means of directing their energies into the channels of athletics.

The athletic organization has to pay travelling expenses, heating, lighting; it has to buy uniforms and other equipment; the management are at their wits' ends to raise money for all these purposes. I know what it is. I am sure if there is any greater burden on high-school organizations, at least, they will go out of activity. That should not happen; but if it does, I am not sure that the minister will, in the end, have gained financially. The hon. member who spoke of killing the goose that laid the golden egg hit the nail on the head. The minister now gets a good deal of income from the sales tax on such equipment as uniforms, balls and so forth, which he is running the risk of losing.

I do not know what it will mean to this phase of our national life if the tax has the effect which I fear it will have. It may be said that it will not do much harm, but I believe there are many people engaged in such industries as the manufacture of baseballs, basketballs and equipment of that sort who will not be able to find employment in any war activity; they will be out of work. I do not think it is wise to make the tax as high as it is. Except for a small tax on strictly professional sport, the minister would be well advised to take the taxes off all sorts of sports, such as wrestling, boxing, basketball, hockey and so forth. That is my earnest advice.

[Mr. Blackmore.]

Mr. HANSON (York-Sunbury): When the minister brought down the original tax on motion pictures I felt it was a gross discrimination, and I predicted in my own mind that the government would not carry through the policy they had adopted. Time has proved the correctness of that surmise. Motion pictures were undoubtedly singled out by the minister for taxation on the theory that this had become big business and that there was a field of taxation open to be exploited. The minister made a great mistake when he did not distinguish between big motion-picture business and little motion-picture business, and I am still of opinion that a flat rate of 20 per cent will work a great hardship to the industry, if you wish to call it that, in the smaller communities. This is the poor man's entertainment—I am not going to dwell on that aspect of it. There is no doubt that the great majority of the patrons of the motion-picture industry in the smaller towns, and even in some of the villages where they have pictures once or twice or three times a week, are people of the working class. How many times in the run of the year do I go to the motion pictures? I can scarcely recall how many times, and I am sure the minister does not go very often. In the first place, we have not the time, and perhaps our tastes do not lie in that direction.

Mr. ILSLEY: I like them.

Mr. HANSON (York-Sunbury): I like to go to the motion pictures occasionally, but I never look at the advertisements. Sometimes, when I am attracted by a particularly good picture, I go, but I never think of going when I am at home in the summer. This tax, therefore, makes no difference to me. I am not speaking from any personal point of view. But the smaller picture houses in a city like Fredericton, or in the smaller towns of New Brunswick, do draw a substantial clientele. The gross takings of the smaller houses are, however, relatively small; when you take into account municipal taxation, operating expenses, rental of films, which I suppose are obtained on a graduated basis—I do not know much about it, but

I assume that more is paid for certain pictures than for others—royalties, corporation taxes, if they are incorporated companies, the net revenue is exceedingly small; and to impose a tax of 20 per cent without any discrimination between the larger and the smaller houses, between the greater and the lesser volume of business, is in my opinion a grave mistake. I do not think it will work out to put them on the same basis. It will not be equitable, and there will be no equality of sacrifice if that is the theory upon which this war taxation is to be based.

Progress reported.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

ONTARIO AND MINNESOTA POWER COMPANY LIMITED

The house in committee on Bill No. 26a, respecting The Ontario and Minnesota Power Company Limited—Mr. McKinnon (Kenora-Rainy River)—Mr. Fournier (Hull) in the Chair.

On Section 1—1905, chapter 139 to apply to corporation.

Mr. CASTLEDEN: It seems to me that this section contains the meat of the bill. It provides:

> Chapter one hundred and thirty-nine of the statutes of 1905 shall extend to and its provisions shall apply to, and the rights, powers and privileges and obligations thereunder conferred or imposed on the said company shall inure to the benefit of and be binding upon the corporation formed by the amalgamation of the said company with Kenora Paper Mills, Limited, the Fort Frances Pulp and Paper Company, Limited, the Keewatin Lumber Company, Limited, and the Keewatin Power Company, Limited, and the successors and assigns of such corporation.

In chapter 139 of the statutes of 1905 this company was given power to construct, develop, acquire, own, use and operate the water power which then or thereafter existed on the Rainy river at or near the town of Fort Frances, and also full rights in regard to the development of the water power in that district. Other sections of that act provided for the use of the water power, and that all electrical development which took place at that point had to be developed equally on both sides of the river. Then it was provided that in the event of any dispute as to the price of power or electrical energy in use or to be provided on the Canadian side of the international boundary, or the conditions upon which the same should be furnished, such dispute should be settled by the board of railway commissioners, notwithstanding anything to the contrary in the Railway Act. Then there were certain regulations with regard to the diversion of any of this power for use in the United States.

So far as I can understand the position, all these privileges were given to a company in 1905, and in tracing the history of that company I find that apparently it was closely linked up with another company known as the Minnesota and Ontario Paper company. The company dealt with under this bill is the Ontario and Minnesota Power company. I should like to know the relationship between these two companies; whether they are linked in any way, and what has happened with reference to the rights of the shareholders.

Mr. MacNICOL: That was all brought out the other day. They all belong to the one company.

Mr. CASTLEDEN: What happened to the shareholders of the original company? Can the sponsor of the bill give us that information?

Mr. McKINNON (Kenora-Rainy River): This was all gone into in the committee the other day, and I thought all these questions were satisfactorily answered. It is, however, only because the Ontario companies act possibly does not affect rights granted by the dominion statute of 1905 that this application to parliament is necessary. As I understand it, this bill does not confer on this company any more rights than were conferred on the previous companies. All these companies heretofore were controlled and operated by the parent company, the Minnesota and Ontario Paper company. That is a Minnesota corporation which was formed after the reorganization of the main corporation of the same name, which went into receivership in 1931. The reorganization was carried out under the bankruptcy laws of the United States of America and, after receiving the approval of the interested groups of security holders of the predecessor United States corporation, and after submission to the securities and exchange commission at Washington, was confirmed by the federal courts of the United States.

The new United States corporation has outstanding, $12,200,000 of bonds and 1,344,544 shares of common stock. These bonds and shares were issued to secure the successor

creditors of the predecessor corporation and its subsidiaries, it being estimated that such creditors number about 12,000. The bonds and shares of the new United States corporation are accordingly widely held, and the new United States corporation is not controlled by any individual corporation or group. The new United States corporation and the new Canadian company are not affiliated with any outside paper or power interests, and they certainly do not possess any monopoly position in the pulp and paper industry.

Mr. CASTLEDEN: Was it the Ontario and Minnesota Power company, which obtained these rights in 1905, that went into bankruptcy in 1931?

Mr. McKINNON (Kenora-Rainy River): That was the company.

Mr. CASTLEDEN: Why did it go into bankruptcy in the United States courts?

Mr. McKINNON (Kenora-Rainy River): That was where the parent company was. It was in Minneapolis.

Mr. CASTLEDEN: What happened? As I understand it, the shareholders lost everything in that case. What happened to the shareholders in that company?

Mr. McKINNON (Kenora-Rainy River): There was a substantial Canadian investment in the predecessor United States corporation, it being estimated that 40 per cent to 50 per cent of the bonds of the predecessor corporation were owned by residents of Canada.

Mr. CASTLEDEN: The bonds?

Mr. McKINNON (Kenora-Rainy River): Yes. It is at present estimated that about 40 per cent of the bonds and 40 per cent of the shares of the new United States corporation are held in Canada, these securities being largely held by individuals and insurance companies. The new United States corporation has a board of nine directors, the composition of which has been approved and comfirmed by the federal courts of the United States. At the present time two of those directors are Canadians. The plan of reorganization of the predecessor United States corporation recommended that the five Canadian subsidiary companies mentioned be amalgamated. As indicated, this amalgamation has been effected, and the new Canadian company is a wholly owned subsidiary of the new United States corporation. The amalgamation has resulted in a much simpler financial structure for the Canadian undertaking.

The new Canadian company has outstanding 50,000 shares of a par value of $100 each and, subject to the passing of this measure, thereby completing amalgamation, will have outstanding bonds in the reduced amount of $12,200,000. All the bonds and all shares, except the directors' qualifying shares, of the new Canadian company are held by the new United States corporation. The amalgamation also is expected to produce increased operating efficiency in the Canadian undertaking. The amalgamation has not the effect of decreasing production or closing down plants. The undertaking in Canada is being conducted on exactly the same scale as previously, but by one company instead of by five companies.

Mr. CASTLEDEN: What is the name of the new United States company which has been formed?

Mr. HANSON (York-Sunbury): The Minnesota and Ontario Paper company.

Mr. McKINNON (Kenora-Rainy River): I believe the new United States company holds the same name as the previous company.

Mr. CASTLEDEN: The hon. member has not yet answered my question. What happened to the equity which the original shareholders held in the Canadian company which was granted these rights in 1905? I understand, from what the hon. member has said, that the bondholders received about 50 cents on the dollar in the formation of the new company, what happened to the shareholders?

Mr. McKINNON (Kenora-Rainy River): The shareholders lost out. But none of the shares of the Canadian company were sold to the public.

Mr. CASTLEDEN: None of the shares?

Mr. McKINNON (Kenora-Rainy River): No.

Mr. CASTLEDEN: Are the directors and the officers of the new company the same in any respect as they were in the old company? A Mr. R. H. M. Robinson of New York has been mentioned.

Mr. McKINNON (Kenora-Rainy River): Yes.

Mr. CASTLEDEN: He was a trustee of the old company, was he not?

Mr. McKINNON (Kenora-Rainy River): Yes.

Mr. CASTLEDEN: What is his status in the new company?

Mr. McKINNON (Kenora-Rainy River): Mr. Robinson is president of the new company.

Mr. CASTLEDEN: From the *Financial Post's* review of corporate securities I find that the same companies mentioned here are

also wholly owned subsidiaries of the Minnesota and Ontario Paper company, which became defunct in 1931. It seems to me that there is every sign that there has been a bankruptcy action here which has squeezed out many of the original shareholders. Then a reorganization has been effected under a new set-up. It seems to me that the rights and privileges of the original shareholders should still be taken care of in the new company. It has just reorganized. Now this company comes back, and it has the same rights, privileges and power, and almost a free gift from this country for the operation of the power on that river.

Mr. McKINNON (Kenora-Rainy River): Mr. Chairman, I should not like to express an opinion on what the United States courts have done. Apparently the arrangement arrived at was quite satisfactory to those courts. None of the stock has been sold to Canadian people. I think we might very nicely accept their decision as the appropriate one in the circumstances.

Mr. CASTLEDEN: Does the company intend to pay anything to the Canadian government for the water-power rights on this river granted by the bill before the committee?

Mr. McKINNON (Kenora-Rainy River): I should imagine that they will most certainly carry on under the original agreement, because this legislation does not confer upon the new company any more rights and privileges than were enjoyed individually or collectively by the old company.

Mr. CASTLEDEN: I understand that. But they have not paid anything for this water power which they have taken from the river.

Mr. HANSON (York-Sunbury): The hon. member did not say that.

Mr. McKINNON (Kenora-Rainy River): Surely they have.

Mr. CASTLEDEN: What is the power developed there?

Mr. McKINNON (Kenora-Rainy River): Approximately 30,000 horse-power.

Mr. GILLIS: I should like to ask the sponsor of the bill one or two questions. I am concerned with the ramifications of the bill only from one or two angles. It is proposed under this merger that the Ontario and Minnesota Power company shall absorb four or five other companies. The reasons given are that it is more economical to have one administration take care of the whole organization, instead of having five do so. I am concerned about the lives of the people employed in the companies which are being taken over.

We have had a great deal of experience in Canada with mergers of this kind. We know that smaller companies may be operating in small communities. Certain wage rates apply. Local management is in control. When the merger goes through, power is vested in the parent company, and local management no longer has jurisdiction. Wage rates are subject to fixation by the parent company. Concentration of production automatically follows. Certain smaller companies must fold up—we hear that that is good economics. As a result, we find that sometimes whole communities are wiped out.

This has happened, and it can be repeated in a set-up similar to this one. I should like assurance from the sponsor of the bill that the wage rates in effect in smaller companies will remain, that local management will continue to have the same jurisdiction, and that under this set-up there is no danger of forming a monopoly which would concentrate production in one company and wipe out communities which had been engaged in similar operations.

Mr. McKINNON (Kenora-Rainy River): The two towns directly affected by the bill are Fort Frances and Kenora. The mayors of both of these towns have telegraphed me approving this procedure. The province of Ontario has also agreed that it is a proper thing to do. The wage rates in the paper mills operating in these two towns are, I believe, the highest in Canada. There is not a chance in the world, so far as it is possible to see, for anything the hon. member has visualized taking place. The management makes its agreements with the various mills, and it has done so right along. I know of no reason why it should change. So far as I can see, or so far as anybody else can see at the present time, there is no possible chance of any of these communities being adversely affected by what is about to take place.

Mr. CASTLEDEN: I am opposed to the granting of what I consider to be the natural resources of the country, and handing them over without fee or payment to a company to develop, to be sold back to the people for whatever they can get. In my opinion, the natural resources of a country are the birthright of the people, I do not care whether they are mines, water power, forests, asbestos deposits, the Alberta oil fields or lumber. All these natural resources belong to the people, and when they are handed over to a company in this way the people get practically nothing

in return. Therefore I must voice my opposition. This sort of thing results in the common man having nothing which he can call his own. The oil of Alberta has been developed almost exclusively by the large oil companies; the lumber of British Columbia is controlled by a great combine, and the same applies to many other natural resources. Water power is even better than a gold mine because it is inexhaustible. The company get complete control of this water power; they may develop it and sell it for whatever they can get. The people of Canada should be getting a subsidy of some kind from all these companies. We should follow the example of Sweden, which is gradually becoming a 51 per cent shareholder in all its natural resources. Any profits obtained go back into the coffers of the nation to reduce taxation and raise the standard of living. I am opposed to this bill.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time, and passed.

BRITISH COLUMBIA TELEPHONE COMPANY

The house in committee on Bill No. 27, respecting British Columbia Telephone Company—Mr. McGeer—Mr. Fournier (Hull) in the Chair.

Sections 1 to 4 inclusive agreed to.

On section 5—Wireless services.

Mr. CASTLEDEN: I notice that one objectionable feature has been removed from this section, namely, that empowering the company to engage in the transmission of anything which may be invented in the future, but I still object to that part of the section which empowers the company to provide service facilities for the transmission of sound, pictures, writing or signals. That is going too far into the realm of the future, and granting these rights may seriously interfere with the powers of a central or national broadcasting corporation. It would be well to delete that portion which has to do with the transmission of messages or pictures which are not at present transmitted.

Mr. CRUICKSHANK: May I inform the hon. member that this is just legalizing what they are doing now. We could not operate the Canadian Broadcasting Corporation to-day or any day, if it were not for the use of these wires.

Mr. CASTLEDEN: Are they transmitting pictures to-day?

[Mr. Castleden.]

Mr. CRUICKSHANK: So far, in British Columbia there has been no demand for live pictures, but they are transmitting the other things, and this is merely to legalize what they are doing.

Section agreed to.

On the preamble:

Mr. NEILL: I should like to mention so that it will be on record, that an undertaking has been given—it is not printed in the bill—that none of this $1,000,000 issue shall be put on the market before the 1st of September, so as not to interfere with the issue of the government's war loan.

Preamble agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 18, to incorporate General Security Insurance Company of Canada.—Mr. Fournier.

Bill No. 28, to incorporate the Ukrainian Catholic Missions of the Most Holy Redeemer.—Mr. Fleming.

Bill No. 29, respecting the Wawanesa Mutual Insurance Company.—Mr. Weir.

SECOND READINGS

Bill No. 62, respecting Consolidated Fire and Casualty Insurance Company.—Mr. McIlraith.

Bill No. 63, to incorporate the Roman Catholic Episcopal Corporation of James Bay.—Mr. Chevrier.

Bill No. 65, respecting United Grain Growers Limited.—Mr. Thorson.

Bill No. 66, for the relief of Vivienne Rhodes Whitaker Storey.—Mr. Emmerson.

Bill No. 67, for the relief of Dora Lemisch Boyer.—Mr. Bercovitch.

Bill No. 68, for the relief of Muriel Mary Murphy Carvey.—Mr. Bercovitch.

Bill No. 69, for the relief of Eileen Henrietta Seville Orchin.—Mr. Bercovitch.

Bill No. 70, for the relief of Edythe Gertrude Dover Schawl.—Mr. Bercovitch.

Bill No. 71, for the relief of Agnes Mary Johnson Messett.—Mr. Bercovitch.

Bill No. 72, for the relief of Manson Wilton Roach.—Mr. Bercovitch.

Bill No. 73, for the relief of Gertrud Kohn Storper.—Mr. McIlraith.

Bill No. 74, for the relief of Frederick William James Hobbs.—Mr. Bercovitch.

Bill No. 80, for the relief of Elizabeth (Elspeth) Brown Rattray Selkirk Morphy.—Mr. Bercovitch.

Bill No. 81, for the relief of Stanley Jackson.—Mr. Whitman.

Bill No. 82, for the relief of Vera Black Slatkin.—Mr. Bercovitch.

Bill No. 83, for the relief of Stella Cohen Baboushkin.—Mr. Bercovitch.

Bill No. 84, for the relief of Kate Abramovitch Reinblatt.—Mr. Bercovitch.

Bill No. 85, for the relief of Dora Catherine Sullivan Evans.—Mr. Bercovitch.

Bill No. 86, for the relief of Ilona Klein, otherwise known as Eleanor Klein.—Mr. Boucher.

Bill No. 89, for the relief of Ann Elsie Buckley.—Mr. Bercovitch.

Bill No. 90, for the relief of Leonard Moore. —Mr. Bercovitch.

SPECIAL WAR REVENUE ACT

The house resumed consideration in committee of Bill No. 88, to amend the Special War Revenue Act—Mr. Ilsley—Mr. Fournier (Hull) in the chair.

On section 13—Interpretation.

Mr. HANSON (York-Sunbury): When we took recess at the dinner hour I was making some observations with respect to the tax on amusements. I think I had proceeded to the point where I had endeavoured to convince the minister that a tax of 20 per cent on the gross takings of the small picture houses would constitute a very onerous burden indeed and, having regard to the other imposts on such small enterprises, would, in my view, perhaps drive them out of business. I am convinced of the truth of the observations which I have made. I do not think I should labour the point any further.

When the announcement was made in the budget speech that this form of amusement or entertainment was singled out for taxation, even as a war measure, it produced a strong protest in the country, not only from the proprietors and those immediately interested, but from the patrons of the business as well. The minister was well advised to change the base of the tax, although it is not usual for a Minister of Finance to do so. In peace time the proprietors of this class of business would have protested vigorously against the tax; but because we are at war and the money is needed, they have decided, as good citizens of Canada, to acquiesce in the principle of the tax provided that other commercial amusements are treated in the same way; and I believe the minister did well to adopt that point of view.

That, of course, opens up a very large field. I assume that the minister has received a number of protests with respect to commercialized sport—if I may properly use that term. If motion pictures are to be taxed, so should commercialized sport also. I see no reason why amusements such as professional hockey and professional baseball should be exempted if the common people of this country are to be taxed on such amusements as motion pictures. When I visualize one of my friends and fellow citizens travelling from Fredericton to Toronto to see a hockey match at the Maple Leaf gardens, I conclude that it must be a great spectacle and that the patrons of that form of amusement can well pay a tax, especially if, as I understand is the situation, the proprietors have the option of absorbing the tax or of passing it on to their patrons.

There is, however, a clear line of demarcation between commercialized sport and amateur sport as such; and unless the minister is of opinion that the exemptions contained in section 122, subsection 2 are sufficiently wide to cover the cases I have in mind, I believe that this tax is not well imposed. I believe that the draftsmen of this section had in mind what I also have in mind, that ordinary amateur athletic contests, when not operated for the benefit by way of personal gain of any private person or proprietor, should not be taxed; and I am wondering whether the reservation contained in the subsection on page 9 of the bill is sufficiently wide to cover everything I had in mind.

The most pronouncedly amateur contest in the world cannot be run without money. In ordinary times, at all events in small communities, one will always find public-spirited men who put their hands in their pockets to support contests of this kind. But this is war time, and people's generous impulses to give money are diverted to the support of war-time activities, as, of course, it is proper they should be. While this is in a degree a war measure, we have no undertaking from the minister that this tax will not continue for ever. If it proves very profitable it will probably remain for, at least, a considerable time. I am not going to suggest or propose an amendment; but I hope that, in the administration of the measure, under the discretionary powers conferred upon the minister, the commissioner or whoever exercises these powers will look with great favour on anything which will help to conserve amateur athletics and all that is implied in that term.

One of the reasons why England has not been decadent in this war, as some predicted she would be, is that the Englishman still plays games, and while he is, of course, a follower of professional sport, the amateur instinct is well to the fore. Waterloo, it is said, was won on the playing fields of Eton. Well, this war may be won as the result of the athletic activities of the people of

England. I trust that the minister and those who are charged with the responsibility of administering this measure will exercise with great leniency their discretion in connection with amateur sports such as those to which I have referred. There may be occasions where money must be paid from the proceeds of these amateur fixtures to, we shall say, someone who owns the athletic field or the rink. This point was touched upon by the hon. member for Saskatoon City. My view is that the minister in exercising his discretion, ought to take into account such conditions as were stated here by that hon. member. You cannot have these facilities unless somebody provides them, and not many municipalities as such will provide expensive places for amateur sport. This is usually done by athletic associations, such as the one with which the minister is no doubt familiar, the Halifax Wanderers' grounds. The Wanderers Athletic association has been in existence for more than half a century. Some communities do not have these facilities, and I would ask on behalf of the youth of the country, that no tax be imposed on enterprises which are primarily amateur and for the benefit of the rising Canadian generation.

Mr. ROSS (Souris): I concur in all that was said this afternoon by the hon. member for Saskatoon City, not only with regard to amateur hockey but with regard to amateur sports of all kinds. As the previous speaker pointed out, the well-being and health of the nation depend upon the development that comes from such sports, and therefore amateur sports should be fostered and developed among the younger people. I trust the minister will be able to exempt such sports. I do not see any particular harm in taxing professional sport. It is a commercial enterprise with many people, and they should make their contribution at this time. But it is most essential to the future welfare of the nation that we should at some cost develop amateur sport in Canada.

Let me also mention the moving pictures. As I have already pointed out, in Manitoba it will cost the people, in the majority of cases, an added 40 per cent on the admission fee, if we take the provincial tax into account. These people have not benefited by war industries and I submit that they should be given some consideration, even if they were taxed ten per cent. I do not see why horse racing, which is not essential at this time, should pay a tax of only 5 per cent, while these other people are asked to pay 20 per cent. It must also be remembered that sports of all kinds are essential not only from a recreational but from an educational point of view. I hope the minister will consider these two points.

Mr. GILLIS: Like others who have spoken, I have received telegrams from theatre owners protesting against the amusement tax. They pointed out, however, that they were not averse to the tax provided other forms of amusement were treated similarly. In taxing everything in the way of amusement, I think the minister has offset the contention of the theatre managers.

I look at these taxes in this way. Money must be raised if we are to go through with the job in which we are engaged, of prosecuting the war; and when we compare any of these taxes with the income tax imposed on low-income groups, those receiving as little as $660 a year, and the national defence tax—and remember that the sports are purely voluntary, things that we can do without—I suggest that this is the wrong time to quibble about such matters if we are serious in our prosecution of the war and in our effort to make some sacrifices. That is how I look at the amusement tax. I know it will hit the low income groups, the theatre tax particularly. It will hit them hard. But it will not hit them nearly so hard as if the people on the other side of the water who are trying to impose upon us their way of life succeeded. As I said a few nights ago, the minister finds himself in the position of having to conform to certain rules with regard to the raising of money, and this is the way the rules compel him to raise this money.

What I am more concerned about is the point raised by the hon. member for Saskatoon City, not as regards the promotion of amateur sport alone, because in my opinion this is the wrong time to talk about these things; there are other matters that are more serious. The hon. member, however, did point out that in certain communities—and this applies across the country—people have organized community projects such as rinks. In my own section there are two large rinks which were erected a couple of years ago. For one of these the necessary funds were raised among the miners. They subscribed ten dollars a share, and there is no profit in it for them; they expect nothing. They sponsored the project in order to have a community enterprise whereby people could be gathered together and they could promote sports of all kinds, build up the younger generation and keep them off the road. That was the main object. As regards the promotion of amateur sports, I am not so sure that it is altogether amateur, but they do run hockey games and

so forth, and they depend upon the income from that source to liquidate the cost of buildings. No one expects any return from the undertaking. The proviso on page 9 of the bill reads:

> Provided that the minister may, in his discretion, exempt any person from payment of the tax where the sole or chief purpose of the performance . . . is in his opinion charitable.

The minister in that proviso has certain discretionary powers, and after the bill is passed, the matter mentioned by the hon. member for Saskatoon City—these community rinks that are absolutely community undertakings from which there are no profits to shareholders—can be dealt with as the minister sees fit. He has the power to exempt these people from taxation.

Mr. ILSLEY: The proviso pretty well speaks for itself. Something will depend upon administration, but perhaps I should say it is the intention that a fairly liberal interpretation shall be given exemptions. There are two parts to the exemption section. One is the part that does not depend upon the discretion of the minister but exempts outright certain amusements, and the second part is that which authorizes the minister in his discretion to exempt others.

Mr. ROSS (St. Paul's): Only charitable ones.

Mr. ILSLEY: If in his discretion the performance, exhibition or contest is charitable rather than one of gain or profit to the person or persons organizing, promoting managing or sponsoring the same. "Charitable" has a rather wide meaning in English law, and there is considerable discretion in the minister.

Mr. ROSS (St. Paul's): The minister's discretion under this section really extends only to the interpretation of the word "charitable". Like the hon. member for Davenport, I am having volume 1 of my telegrams bound, and I started on volume 2 this afternoon, although of course we cannot pay attention to all of them.

I am not entirely in agreement with the suggestion that consideration should be given only to amateur sport. Look at the history of the Maple Leaf gardens, the Maple Leaf hockey team and the Maple Leaf baseball team. When the new Maple Leaf garden was to be constructed I was one of those asked to subscribe to the stock of the company. It was not suggested that I should do so in order to make a profit; the idea was that I should help in this effort which it was thought would be beneficial to sport throughout the country. All the prominent men who have stock in that company are now to be left holding the bag. They have never made any money out of the business; they have been motivated more by the idea of helping sport than by the idea of making money. It would be silly to put money into a proposition like that on any other basis.

There is one other point to be mentioned in connection with the Maple Leaf hockey team, and I imagine the same thing applies to the Montreal team. These are the people who are supporting amateur hockey to a very large extent. If it were not for these professional teams we would not have the class of amateur hockey that we see all over the country. I quite agree with the minister that we must get the money somehow; but as I suggested before the dinner recess, if we impose a tax as high as 20 per cent we are going to run into the law of diminishing returns. On the other hand, in a city like Toronto, if these concerns make more money, the government will be able to take more money from them under the excess profits tax. I do not think a tax of 10 per cent would make very much difference so far as professional hockey is concerned, but 20 per cent is altogether too much. We certainly should not take a chance on putting out of business the Maple Leaf hockey team or the Canadiens of Montreal, and I will tell the committee why. Teams like these are perhaps the best good-will ambassadors we have. They go to the United States and mix with the people there; there is keen rivalry between Canadian and United States teams, and that does a great deal to keep the two countries together. In addition, a great many people come here from the United States to see our hockey games, which brings more foreign exchange into the country, and it must be remembered that these two professional teams have developed many of the players on the other teams in the league. Therefore, I believe that a 20 per cent tax on all tickets will be so severe that it may defeat the very purpose the government has in mind, and it may interfere definitely with the game itself.

I do not think we wish to interfere with amateur sport, but before we discuss this at greater length I think the Minister of National Revenue should tell us just what this may mean as it will affect these various clubs. Just who will be taxed and who will not be taxed? What are the ramifications of the whole thing? Subsection 2 does not tell us very much, and I think it should be clarified. It has been said that there should be some difference between the tax on admissions to large theatres, and that on admissions to small theatres. As I pointed out before the dinner recess, already there has been a falling off in the attendance at the large theatres in my own riding. Therefore I suggest that if

the tax were reduced to perhaps 10 per cent the government would benefit in two ways. In the first place they would collect more under the excess profits tax, and in the second place the theatres would be filled and the revenue under this tax would not suffer. Do not empty the theatres; fill them up. Let the theatres make their profits; impose a reasonable tax on each admission, and then apply the excess profits tax to the theatres. To me that seems the logical thing to do.

Mr. HARRIS (Danforth): Perhaps, when the minister is replying to the hon. member for St. Paul's, he will give a specific reply to the telegram I had a page take to him across the floor some two or three days ago.

While I am on my feet I should like to suggest that in many instances a tax of 20 per cent on the gross is liable to close up the industry almost entirely. No doubt the minister has given thought to the possibility of taxing the net, and perhaps he might say a word about that. Then I would direct his attention to the fact that this tax may work a hardship as between different classes of amusements. In the case of a theatrical performance the costs are far greater than in the case of a hockey match, let us say. From that I draw the conclusion that in the one case the net return in relation to the gross would not be in anything like the same proportion as in the other. The general idea is that we want to get some of the revenue which the owners and producers of these amusements are receiving, but in doing so we must not discriminate against that amusement which finds that its net is in nothing like the same proportion to its gross as is the situation with another enterprise.

I hope I have made my point clear to the minister. To follow that thought a little further, this will work a hardship on many people and will probably put some of them out of business. As the hon. member for Prince Edward-Lennox said this afternoon, the government may kill the goose that laid the golden egg. I am satisfied that these organizations would feel disposed to operate their amusements and turn over 100 per cent of their profits for the duration of the war, rather than lose the investments that they have at the present time, through finding it necessary to shut down. I have in mind the small community in which a moving-picture theatre is operated. It may be that theatre finds that it is just able to balance its budget, and perhaps give the proprietor a fair living. He takes his gross of $400 a week, and finds that he is subject to a tax of $80. He adds that tax to the cost of the ticket, and finds that his returns are diminishing. I believe it has been found in Campbellford that since this tax was instituted the numbers of those attending moving-picture theatres have dropped by one-half. I am sure there are many places where the theatres will have to close up.

If there were some way of taxing the entire profits of not only the moving-picture theatres but also of skating-rinks and other enterprises of that kind for the duration of the war, I believe it would be found that the people operating those enterprises would be sporting enough and interested enough in our cause to give over all their profits, if they were permitted to operate in a way which would permit them to balance their budgets. I should like to see some discretionary power in this measure whereby the minister could permit a skating-rink, an athletic field or a theatre in a small community to carry on, they in turn agreeing to turn over their profits for the duration of the war. In that way the industry would be kept alive; our people would be following their usual pursuits and resuming their usual small measure of amusement and small measure of athletic interest to which they have been accustomed in the past.

We must have money. I admit at once it would be very difficult to administer a taxation system on net income. I quite appreciate it is very simple when it is done on the gross. It will, however, work hardship in certain places, and the minister should have even more discretionary powers and, as the hon. member for Rosedale has said, take a charitable view of charitable enterprises, and a charitable reading of the measure when he comes to a decision as to what is or is not a charitable organization.

Mr. JACKMAN: I find that subsection 2 contains these words:

> . . . no part of the revenue of which inures to the benefit or private gain of any person as proprietor or member thereof or shareholder therein—

And so forth. There are many organizations which I believe would qualify under the first part of subsection 2, but because of the nature of their corporate organizations, and because of the legal form they take, they would not qualify under the latter part of the subsection.

I have in mind the ordinary club which has no hope of making a profit for its members. Nevertheless, in order to qualify, the members may have to buy a share, and thereby they become shareholders. Therefore I should like to know if, because of the nature of that holding, and the legal possibility of a profit—

of course actually no such thing is contemplated—such a club is excluded from subsection 2, and must rely on the following proviso under which the minister must give consent.

Mr. GIBSON: It is difficult to give a ruling without having a specific case in mind. I may, however, assure the hon. member that a sympathetic view will be taken of cases such as that. We are not endeavouring to enforce taxation against organizations, societies and clubs which are obviously carrying on for the purposes set out in this section.

Mr. JACKMAN: Possibly I might give a concrete example. The Toronto skating club and the Minto skating club hold carnivals annually. They pay out substantial sums for star performers, but the majority of the talent is contributed voluntarily. I would assume that such organizations would not be taxable.

Mr. GIBSON: I would not tie myself down to a ruling offhand, without having all the particulars before me. I could not possibly do that.

Mr. JACKMAN: I tried to place the particulars before the minister, without going into great detail. Certainly, as the minister knows, no one would make a profit out of the operations of those clubs.

Another example would be that of the Argonaut rowing club. During the football season a football team operates under the name of that club, and admission prices are charged. The profits from the football games go to pay expenses for the rowing season. That sport is, I believe, fairly expensive, and not self-supporting. I take it that the members of the club are all shareholders, but I have never heard of a dividend being paid. I believe those are the cogent facts of the case, and I suggest that the minister should be able to let us know whether or not this section would cover a case like that. If not, must permission always be obtained from the minister before a game is held, or before people are permitted to enter without paying a tax? In respect of the Argonaut club one could hardly say that it is operated for charity, because it is operated for the benefit of the members of the club, and for the general advancement of amateur sports.

Mr. GIBSON: Almost every sporting organization in Toronto has been mentioned. We have heard mention of the Maple Leaf hockey team, the Toronto skating club, the Toronto baseball club, the Argonaut football club, and so on. I could not possibly give a decision offhand on the floor of the house as to whether they will be taxable or exempt, without inquiring into the set-up of each of those organizations, and without finding out whether they comply with the provisions of the legislation. If they do, they will be exempt.

Mr. JACKMAN: Perhaps the minister will revert to the original position that it may have been unwise to have included them under the tax. That brings me to a further point. I have no doubt that when the moving-picture industry pointed out that it was being singled out for a 20 per cent tax, while the other forms of entertainment were being left scot-free, there was the hope in their minds that the heavy imposition of a 20 per cent tax would be reduced to something more reasonable. Certainly, while misery does love company, I do not think that was the attitude of the moving-picture industry.

Perhaps I might impress upon the minister the fact that we have heard in the committee to-day, and particularly from the hon. member for Prince Edward-Lennox, that certain moving-picture houses in small towns have been finding that their patronage has been reduced to half. I might point out that while in the larger cities the incomes of people generally, and particularly the working class, have increased, as a result of war expenditures, and while they can absorb the 20 per cent tax, nevertheless the tax is a substantial one. The other night I went to the Capitol theatre here in Ottawa, and on two 40-cent tickets I paid sixteen cents. That is a heavy tax. I believe the minister will bear with me that in the ordinary course of business, had it been possible to advance the prices of moving-picture tickets to the extent of 20 per cent, and get away with it, without losing patronage, the proprietors would probably have done so long ago, before the tax came into force.

I think the minister must realize that he cannot boost by 20 per cent the prices of an industry like the moving-picture industry, and think it will just go on in the same way. Certainly businessmen and farmers, if I have heard correctly in this chamber, want to obtain as high prices as the traffic will bear for their products. The same applies to the proprietors of the small moving-picture theatres. They have been charging about as much as the traffic will bear. If a 20 per cent tax is imposed, it will then be found that there is a good deal in what has been said this afternoon and evening about the patronage dropping off. In that event, as the hon. member for Danforth stated a moment ago, you kill the goose that lays the golden eggs and create a certain amount of distress among those who operate theatres, particularly in the smaller communities. The minister did not expect to levy a tax upon amusements other than motion

pictures. Now that he has included these other amusements, his budget is thrown out of gear, although on the right side, and perhaps he will consider reducing this tax. If at the end of the year it is found that the people are accustomed to paying it; if the increase in the national income has made everybody a little more prosperous, then the tax could be increased to 20 per cent. Any business which must raise the price of its product 20 per cent at one fell swoop is likely to face a disastrous condition.

Mr. ROSS (St. Paul's): The only discretion the minister has is in deciding whether an amusement is being held for charitable purposes. Take the case of a boy who belongs to an amateur hockey league; under the rules he may be paid. But when the club plays a game and a gate is being collected, of necessity that club must pay this tax.

Mr. ILSLEY: Does the hon. member want every hockey organization that charges an admission exempted? Hon. gentlemen have been talking about exempting this and that sport. I think it was only a week ago when the unanimous sentiment of hon. members on the other side was to tax all other amusements.

Mr. HANSON (York-Sunbury): Commercial amusements.

Mr. ILSLEY: The hon. member for Waterloo South (Mr. Homuth) referred to the fact that motion pictures were the poor man's amusement; that we should tax these large hockey games which attracted the big attendances. Hon. members were deluged with telegrams urging that while no exception was taken to the tax, pressure should be exerted to have the tax extended to other forms of amusement.

Mr. HANSON (York-Sunbury): Commercial amusements, for gain.

Mr. ILSLEY: I have the telegrams here; it was "other forms of amusement." If the views expressed by the hon. member for St. Paul's are accepted, as well as those expressed by other hon. members, there would be hardly any tax imposed. I have been listening for some hint as to what sport it would be proper to tax.

Mr. HANSON (York-Sunbury): Commercial amusements.

Mr. ROSS (St. Paul's): I do not object to the taxing of professional hockey. I stated that it would cut down the attendance, and I was trying to show the minister the advisability of keeping up the attendance by lowering the tax and obtaining the revenue by way of the excess profits tax. I was pointing out that if one boy on the team was paid anything, I suppose even if he were given an outfit, it would be necessary to tax the gate. Then there is the legitimate theatre which should receive some consideration. I think there is only one theatre of this kind in Toronto and they are having a hard time. In my opinion they should be exempted. Then there is the Hart House in Toronto, the Little Theatre here in Ottawa and one theatre in Montreal. Those are about all the legitimate theatres in the country. I know the problem is difficult, but I am objecting to the minister having discretion only with respect to charitable organizations. The section has not been made clear enough. If the minister can be given discretion in these matters, I would be ready to accept his decision. I am peculiar that way.

Mr. ILSLEY: A draft bill was submitted to me which gave the minister unlimited powers of exemption, and I would not sponsor it. I knew what I would get from the opposition if I brought in a bill giving the minister unlimited powers of exemption.

Mr. BENCE: The minister said it could be given a wide interpretation.

Mr. ILSLEY: I did not say that.

Mr. BENCE: Would he go as far as to say that it would include the promotion of amateur athletics?

Mr. ILSLEY: I am not going to attempt to distinguish as between amateur and professional, because I am advised that there is no possibility of arriving at a line of demarcation. The hon. member for St. Paul's has been talking about paid amateurs and distinguishing them from professionals.

Mr. CASTLEDEN: Is the purpose of this bill to raise money or to prevent people from spending money upon what might be regarded as luxuries?

Mr. ILSLEY: I would say that the first object is to raise money. But there is a secondary object. If the money is not spent for this purpose it will prove advantageous in that it will not encourage people to build theatres. Something over sixty applications have been made for permits to build new moving-picture theatres. Plans were being completed to build a chain of theatres across Canada. I thought it would be most undesirable for this country to go on a theatre-building spree at the very crux of a most serious war. For that reason, among others, power was taken to prevent the building of these theatres. This throws the rapidly increasing theatre business into the hands of

the existing theatres. These theatres sent in many telegrams protesting against permission being given to build new theatres.

I think it is commonly known to many of us that theatres in a great many parts of Canada are being crowded. Last Saturday I passed one theatre in the afternoon and another one in the evening, and in both instances a long queue of people were standing on the sidewalk waiting to buy tickets. They were all paying the tax. I do not know about the afternoon admission price, but in the case of the evening admission price they were paying a five cent tax; the price was thirty cents instead of twenty-five cents. I thought it was quite a proper tax to impose under those conditions. It places some brake on the expansion of the theatre industry; there is no doubt about that, although I would hope it would not be a serious brake. It is a heavy tax and one which, in some instances, will be harsh perhaps in its effects, but this is not the only case in which our taxation measures and our other measures have been harsh. I think of some of the things which have been done under the War Exchange Conservation Act, a measure which received wide commendation from the public and still does. But many importers, if not put completely out of business, have been very nearly put out of business. We cannot run the country having in mind only the prosperity and material well-being of everybody in the country. That is not the first consideration. It is away down in the list of considerations. Therefore this heavy tax was imposed.

Mr. JACKMAN: But the fewer you hurt, the better. The object is not to put businesses out of commission because the war is on. You should not allow a business to go out of business, if it is not detracting from the war effort, if you can possibly save it. The minister must not take such a sadistic attitude toward some of these things.

Mr. ILSLEY: What was the word?

Mr. JACKMAN: Sadistic.

Mr. ILSLEY: Oh, that adjective was used in a newspaper reference to me on one occasion, and I was very much amused by it. There is nothing sadistic about my attitude.

Mr. JACKMAN: You came close to it a minute ago.

Mr. ILSLEY: Not at all. I wish my hon. friend would give me suggestions how to raise money instead of continually pleading the case of special taxpayers against the case of the general taxpayers of the country.

Mr. JACKMAN: That is quite unfair. I gave the minister suggestions in my budget address. I suggested a measure of taxation which was fundamentally sound and which I thought might well be given consideration as an alternative method of raising money. Certainly the proposal which is now before the committee, with the exception of the movie end of it, is one which virtually came from this side of the house. There is no reason, as the leader of the opposition said a minute ago, why the movie industry should be singled out for taxation. The suggestion I made was that from the evidence we have had from the little centres, the movie industry has been seriously crippled. It is true that the attendance may not remain at 50 per cent of the attendance before this tax; it may go back to 75 per cent. Nevertheless it is a serious falling-off, and if a 10 per cent tax would not cripple the business too much I suggest that, if that rate of tax were imposed, then next year when the people have become more accustomed to the higher price, the tax could be raised to 20 per cent. All I am interested in is in not killing the goose that lays the golden eggs.

Mr. COLDWELL: I do not wish to prolong this discussion; in fact, I should like to see it shortened if at all possible. I was looking through *Hansard*, which is always an interesting document, and I saw that we have already taken longer in discussing this sports and theatre tax than we took in discussing that very important tax, the national defence tax, which strikes hardest at the great masses of the lower paid workers in this country.

Mr. HANSON (York-Sunbury): The hon. member has not heard us on the bill yet. That was only on the resolution.

Mr. COLDWELL: We have taken a greater time on this than we took on the resolution for the national defence tax, which bears so hardly on the poorer paid people of this country.

There are some things I do not like about this tax on sports. I do not like the idea of taxing amateur sport at all, but most of us realize that we must accept some taxation which we do not like. In this particular instance it seems to me that if the minister uses the discretionary power which is already in the measure and gives the word "charitable" the interpretation of which it is capable, in all probability many of the objections that have been raised can be met. I have been interested in sport all my life. I have trained many youngsters in football and other sports, and I am of opinion that we should get back to really amateur sport.

Some hon. MEMBERS: Hear, hear.

Mr. COLDWELL: I have no sympathy with the team that puts a player on and pays him, and still calls itself amateur. I believe that practice is undermining our Canadian sports, and consequently I would not make any special plea for those who are doing it.

I did not quite like this tax when it was confined to movie theatres because, after all, that is the poor man's pleasure in many instances, and I think the extension of the tax, although it may work a hardship in cases such as that mentioned by the hon. member for Saskatoon City this afternoon, makes it much better than it was originally. I should like to see the committee adopt this measure because I am quite sure of this. Judging from the minister's stubbornness—

Some hon. MEMBERS: Oh, no.

Mr. COLDWELL: —in connection with the gasoline tax, in which I was very much interested, and the national defence tax, in which I was greatly interested, we can talk to him all night on this tax, and we shall end up in exactly the same position we are in now.

Mr. HANSON (York-Sunbury): Is that a sadistic attitude? I should like to give the Minister of Finance what a friend of mine wrote to me regarding this matter. He writes:

> Why only the family entertainment of moving pictures? This includes the poorer classes, children and old folks. What about high-priced hockey, baseball, horse racing? Then again opera, "evening-dress" dramatics, festivals? Community bridge affairs, bingo games, circuses, etc.?

Finally, and I hope this is reached by the minister's taxation proposals:

> The pernicious small travelling tent shows, with gambling?

Such as you get at the ordinary fairs in this country. Every year in the maritime provinces there comes a troupe or troupes of people from New England who spend nothing here and who take away immense sums, relatively, from our people. I would clamp the tax right on them.

Mr. ESLING: Would the minister give thought in this tax to an amusement centre which is wholly municipally owned? Let me cite the case of a city in my district which has issued bonds to the amount of $250,000 for the purpose of establishing a municipal centre. When times were better, it got by. Unfortunately, to-day the city is having to make up the interest. That is a case in which the taxpayers as a whole are taxed further. Unfortunately, conditions there were not so bright as they are in the picture business in this community of Ottawa. In fact, there were two picture houses in that city, and one of them had to close for lack of business. I must emphasize that it is a community with more than ordinary patriotic and ambitious spirit because, while it has only about 7,000 people, it has contributed more than a million dollars towards the war loans and war services, and it has given of its men in perhaps a larger percentage than any other community. To place a further burden of taxation, not on excess profits, but on a deficit for each year, makes their burden extremely difficult.

The ACTING CHAIRMAN (Mr. Fournier, Hull): Shall section 13 carry?

Mr. HANSON (York-Sunbury): There are a large number of sections included in section 13. I wish to take just a moment to talk about the operations under the new sections 127 and 129. Under the former, a person authorized by the minister may examine records, books, accounts and vouchers which shall be open to the inspection of officers authorized by the minister, and if it appears to such person that there has been a violation of the provisions, he may without any warrant or legal authority "seize, take away and retain and hold the said records, books, accounts and vouchers until they are produced in any court proceedings." That is a drastic power to give to anybody who is only an auditor. I suggest that at least there should be some written authority from the minister to the man acting under those circumstances. I do not know what the practice is with regard to excise, but this looks to me like a Hitler method in connection with taxes.

Then, under section 129:

> If any person liable to maintain records and books of account for the purposes of this part, has, in the opinion of the minister, failed to maintain adequate records and books of account, the minister may assess the tax payable by such person under this part, and the taxes so assessed shall be deemed to be due and payable forthwith.

Who is to judge whether the records are adequate? That is a drastic power to give to the minister without any right of appeal, or even a hearing. If the man comes along and says that my records are not adequate, he is to be constituted to be the judge, I suppose, under this section?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): Then the minister, without hearing the other side, may assess the tax; the tax shall be forthwith due and payable, and the other fellow is not permitted to say a word about it. The tax is assessed without a hearing and with no right of appeal. I object to it on principle. I am not going to labour the point.

The ACTING CHAIRMAN (Mr. Fournier, Hull): Is section 13 carried? Carried.

Mr. HANSON (York-Sunbury): Well, there is no defence? The minister is just going to have the section carried.

Section agreed to.

On section 14—Automobiles.

Mr. GREEN: A portion of this section deals with automobiles. What is the present position with regard to the control of manufacture and importation of automobiles? I raise that question because there seems to be some doubt whether the restrictions as they stand are exactly fair and equitable.

Mr. ILSLEY: The hon. gentleman is, I think, asking about the War Exchange Conservation Act.

Mr. GREEN: There is also involved the control of Canadian-produced cars by the controller of motor vehicles.

Mr. ILSLEY: Perhaps it is relevant. I am doubtful. The only ground for arguing that the matter can be brought up here is that these taxes are imposed as part of the control of automobiles. In the War Exchange Conservation Act, which was passed, if I remember correctly, on December 2, the import of automobiles was prohibited and heavy taxes were placed on domestic automobiles. It was found, of course, that dealers of imported automobiles would be out of business so far as the sale of imported automobiles was concerned, although in most instances they had garages and businesses connected with the actual selling of automobiles, which enabled them to go on. Therefore the matter was reconsidered, and it was decided to allow a small importation, upon a quota basis.

Mr. HANSON (York-Sunbury): Twenty per cent.

Mr. ILSLEY: For the first three months of 1941, 20 per cent of the number of automobiles imported during the first three months of 1940 were permitted. At the same time a motor vehicle controller was appointed; and since it was not desired that manufacturers of automobiles in this country should be enabled to take advantage of this prohibition of importations to increase their sales, merely taking up the slack created by the prohibition, statistics were obtained and conferences held, and the Canadian manufacturers were placed on quotas. What those quotas are I do not know.

Mr. GREEN: Eighty per cent, I think.

Mr. ILSLEY: Roughly, it is 80 per cent of the previous year. There are many refinements of those figures.

Mr. GREEN: Does that include 80 per cent of the cars they were producing for export in 1940?

Mr. ILSLEY: I do not think so. That was for domestic consumption, if I remember correctly.

I believe that is the story in its main outlines. There is one question about the cars which might be assembled in Canada if assembly were permitted, if it was decided to put the assembly of cars on the same basis as imported cars.

Mr. GREEN: It is impossible for these firms to set up plants in Canada now, is it not? Was there not some prohibition?

Mr. ILSLEY: I think that is so. Either that, or they get no advantage by doing so; if they do, they are deemed to be importers so far as the quota is concerned. It is either one or the other.

Mr. GREEN: For all practical purposes it is prevented. I suggest to the minister that the size of the quota be reconsidered to determine whether it is fair in all respects. There are many people in this country who are suffering as a result of it. They are, I think, mostly retail dealers, and some of them are in a very, very difficult position.

Mr. ILSLEY: I realize that.

Mr. HANSON (York-Sunbury): Does the minister hold out hope of any relief for them, because what has been said is too true? Firms with substantial investments in the shape of warehouses, showrooms and service garages are finding the going very difficult; some of them will have to go under. The minister knows of one case which he was good enough to hear at my request. I do not suggest that that gentleman will go under, but he is going behind. It is a great hardship, and I do not know what the answer is.

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): On the one hand, we must conserve the exchange position; yet, if we do, we shall work grave injustice upon some of our best citizens. It is a problem with which the minister has to deal. I have not any solution.

Mr. ILSLEY: I think the hon. gentleman is very fair about it. Hon. members have no idea of the number of representations which have been made to the government, and made to myself as Minister of Finance, since the passing of that War Exchange Conservation Act. There were representations from young and middle-aged men who had gone into the newsstand business and were relying on United

States periodicals for a good part of their income. It is all right for members to rise in their places and say that we should shut out the "pulps," and it is probably the right thing to do. As a matter of fact, it is what we are doing with many of the "pulps." But it infringes upon the security and the welfare of people who are engaged in importing and vending these things.

The same applies to dealers in imported automobiles. It might perhaps be said that they knew, when the war came on, it might be necessary for them to adjust themselves and they should have done so. They should have adjusted themselves to the change that was coming, and some did. Some had it in mind and got adjusted and others did not.

Numerous industries, small for the most part, underwent the same experience. The Canadian Importers' association have been making representations continually. I do not know how vigorous or strict the house or the country would like the response to be, but I have taken the view that this was a desperately serious situation and that we had to take such action as we proposed. Undoubtedly, if we wanted to do the popular and easy thing, we would let these dealers bring in their cars, the young men in the newsstand business bring in their "pulps" and the members of the Canadian Importers' association bring in their imports. There are hundreds of articles the importation of which is prohibited, and that has broken right into the living of a great many importers. If we could coast along in a humane and merciful way for the time being we could relax these restrictions and get back to normal, but I do not think we can do that. We have to go along the course we are following.

There may be some adjustments from time to time as in the case of motor cars. The purpose of that quota was not to enable dealers to continue in business on a profitable basis as dealers in motor cars. The quota was not high enough. The purpose was to prevent their cars from disappearing, the names of their cars from being lost to the public, so that they might maintain a connection, keep the names of their cars, and sell the odd one during this temporary period. That is not enough to make a living on except where they have garages and other means of income.

Mr. HANSON (York-Sunbury): There is a possible solution, but I do not know whether we should discuss it. The effect of the restrictions has been practically to give to the big three the whole Canadian market. It is true enough, the quota came on afterwards and to a degree cut in on that. But the big three have their agents in particular communities. If an arrangement could be made by the motor vehicle controller with any reputable dealer who had credit or cash, he could go to one of the big three and purchase on terms similar to or equally advantageous with those of recognized agents; he would have a chance to sell through the domestic production, and in that way these people might be kept in business. That, I admit, is something of state socialism, but it is the only solution that has entered my head with regard to this problem. But they will not look at the man who has been frozen out. Take General Motors or any of these big corporations. They have good dealers in their communities and can pick and choose because they have the cars the public want; yet here is another man who may have equally good credit facilities, who has been selling the Packard or the Studebaker. He is put out of business. If some arrangement could be made by the motor vehicle controller so as to have this business spread round, that might be a solution. I do not urge it; I merely suggest it.

Mr. MacNICOL: The average soft drink is five cents a bottle. How can 25 per cent be applied to a five-cent bottle and the retail price be suitably arranged?

Mr. ILSLEY: The tax is on the manufacturer, and if he has to raise the retail price as a result of the tax, I suppose he does so.

Section agreed to.

On section 15—Sugar.

Mr. HANSON (York-Sunbury): I have something to say on this section. After what I heard in this house in 1933 from certain hon. gentlemen opposite, many of whom are absent, I never thought I would live to see the day when the Liberal party would impose an additional tax on sugar. The tax on sugar in 1933 was put on by the Bennett administration not because they wanted to put it on; it was put on to raise and support the revenues of the country at a time of dire economic necessity when, as a result of the stress of a world-wide economic depression, our revenues were visibly falling. Sugar was singled out because it was an article of universal consumption which the common people and the rich people alike use, and it was thought it would bring in an estimated revenue of $20,000,000. There was a war on then.

Mr. CRUICKSHANK: Isn't there now?

Mr. HANSON (York-Sunbury): Yes. What was the attitude of hon. gentlemen opposite? That was a world-wide economic war. I wonder whether the Minister of National Defence was through it? He was not in the

house at the time, but we went through it. How much assistance did we get from hon. gentlemen opposite?

Mr. ILSLEY: My hon. friend means the Minister of National Revenue.

Mr. HANSON (York-Sunbury): Yes, the Minister of National Revenue. How much assistance did we get?

Mr. MacNICOL: Nothing but abuse.

Mr. HANSON (York-Sunbury): Absolutely nothing but abuse. I have here excerpts of some remarks made, perhaps from this very seat, by certain hon. gentlemen opposite. They condemned us in no uncertain terms for putting a tax on the poor, common people of the country, about whom they were so much concerned, and in the election of 1935 they pledged their party to the repeal of the sugar tax. But they never did it. We reduced the tax to a cent a pound before 1935, but these gentlemen went up and down the country to the housewives and condemned the Bennett government for the sugar tax, which was imposed at a time of great national distress. But they did not keep their word; the tax of one cent a pound on sugar remained.

An hon. MEMBER: They never do.

Mr. HANSON (York-Sunbury): I will not say they never do; but they seldom do. They do not when it does not suit their convenience. Among the most vociferous at that time was the present Minister of National Defence who was then financial critic of the opposition. What did he say? He was as bitter and as picayune as I ever heard him in my life, and he could be picayune when he wanted to. As reported at page 3372 of *Hansard* for March 24, 1933, he said:

> Let us consider for a moment the other taxes. There is to be a tax of two cents per pound on sugar, and I understand that molasses is taken from the exempted list under the sales tax. We are told that $20,000,000 is expected to be raised from the tax on sugar.

This is the appeal against the tax.

> That amounts to $2 per head for every man, woman and child in this dominion and I submit, Mr. Speaker, that this tax, bearing as it does upon a necessity of life that always has been regarded as an essential, coupled with the removal of molasses from the list of exempted goods under the sales tax, imposes a very great hardship on the poorer people of this dominion.

I pause there. That was the text for the whole band—I was going to say of outlaws—who traduced this party from one end of Canada to the other. My opponent in 1935, a millionaire, made the sugar tax the basis of his attack on me, and I have no doubt that it helped defeat me.

An hon. MEMBER: Was he a sugar millionaire?

Mr. HANSON (York-Sunbury): No; he was a man who all his life had farmed the farmers of this country. He is still living; he is still farming. I venture to say that this statement of the present Minister of National Defence was the basis of the most violent attacks ever made on any government; and the present Minister of Finance himself voted against that tax. I know the answer will be that we are at war, and that is true; but I say to hon. members that in 1933 we were also at war, an economic war, which had dire consequences on this country. The statement I have read was made by the financial critic of the Liberal party, and it was the text for the whole gang of wolves who were on our trail all over this country. At that time the Liberal party was not quite so close to the sugar industry as it is to-day; it did not have the backing of certain people that it has to-day. The present Minister of National Defence went on to say:

> So far as the sugar industry is concerned, I have no fault to find with my hon. friend. That industry is well protected; in fact it is too well protected—

Well, it is still well protected; that is the only observation I have to make.

> —but this tax is not going to be paid by the sugar industry. This tax of two cents a pound will be paid by the individual householder who, with sugar at the present price, will have to pay a fifty per cent tax on all the sugar going into his house.

Do you see the insidiousness of that appeal: a fifty per cent tax, and this was at a time when sugar was probably at the lowest point in its history.

Mr. WOOD: And everything else, too.

Mr. HANSON (York-Sunbury): Yes, I regret to say that is true; and things were even lower in the United States than in Canada. I remember that after we entered into the Ottawa agreements I motored from Winnipeg to Toronto, passing through the United States. Just outside Hillsboro, North Dakota, we had two punctures, and the farmer came down to see us. He told us that he was a hog raiser, and what do you suppose he was getting for his hogs on the Chicago market in the spring of 1934? He was getting two and a quarter cents a pound, as opposed to eight and a half cents a pound here.

Mr. ROWE: What did the hon. member for Brant get that year?

Mr. WOOD: I got three and a quarter cents.

Mr. HANSON (York-Sunbury): Then you had better go back to your dealer, because you have something more coming to you. Those two statements by the present Minister of National Defence formed the basis for the attack that was made upon us in this house. Then Mr. Howard, who at that time was the member for Sherbrooke and who now has gone to his reward in another place, proclaimed himself a great friend of the common people and said:

I want to protest in the strongest words I can use against this tax of two cents per pound on granulated white sugar, a commodity which perhaps is in greater demand than most any other product in Canada. At least, it has a wider distribution than any other product I know of. The tax is an enormous one. . . .

Then there was a gentleman here representing the consituency of Lisgar, Mr. Brown by name. Do hon. gentlemen remember him? I am not going to say anything about him or what he said, because I understand that now he has gone to his reward.

Mr. REID: No.

Mr. HANSON (York-Sunbury): No? All right; he is gone out of this house. I thought he was dead, but apparently he is only politically dead. He still has a chance for repentance, because he will never come back. As reported at page 4478 of *Hansard* he said in that budget debate:

The fact is that the tax is a very heavy burden on the people of Canada, and the magnitude of that burden can be to some extent appreciated when I recall the fact I mentioned in the budget debate that about fifty million bushels is the amount of wheat that is consumed by the people of Canada. At fifty cents a bushel that would mean $25,000,000, and I believe the estimated revenue from the sugar tax is $20,000,000, or only $5,000,000 short of the total value of the wheat consumed by the people of Canada. That comparison shows the magnitude of the burden that is imposed upon the consumer by this sugar tax.

I could quote many more statements by that same gentleman. Then there was a member from Hamilton East, Mr. Mitchell, who is not now in this house, but who has received his reward elsewhere. He had this to say:

. . . it represents a taxation upon every man, woman and child in Canada, and places a further burden upon the 1,300,000 people drawing relief.

Then there was the hon. member for Willow Bunch (Mr. Donnelly), who I am sorry is not in his seat to-night. He had a great deal to say about that tax. I could go on right through this long list of extracts, but I really have not the heart to detain the committee for that length of time. There was the member for Melville, Mr. Motherwell. What gems he used to get off in this house! I understand that after 1935 his shafts were not always aimed at this party, but were sometimes directed towards his own friends. That may have been a case of sour grapes, I do not know; at all events I must confess to always having had a very warm spot in my heart for the former member for Melville. He certainly was a picturesque figure in this house, and he certainly knew something about agriculture. Of course, I could not expect that he should know as much as the present hon. member for Melville (Mr. Gardiner), his successor in office.

Mr. GARDINER: More.

Mr. HANSON (York-Sunbury): But I certainly had not, and have not to-day, any antagonistic feeling toward the then member for Melville. He said, as regards the sugar tax:

I do not see how I can allow this to go by without protesting. After hearing—

Just listen to this.

—some of the letters read yesterday on behalf of the women and children of the country—

The poor women and children!—when sugar was down, we shall say, to two cents or four cents a pound, and a tax of two cents was being put on.

—and listening to the protests that came from every quarter on this side of the house, yes, and the silent protest of the rear-guard supporting the government—because I know they entertain such protests—I am wondering whether the minister is not considering the advisability of abandoning this tax. Before I go any further I would ask him whether he has seriously considered this matter.

Then there was the member who then represented the constituency of Prince, Prince Edward Island. I shall not say anything about that gentleman, because he has gone to his reward. And I shall skip over the former member for Middlesex West.

Mr. MacNICOL: He has also gone to his reward.

Mr. HANSON (York-Sunbury): Yes, he has. I valued his friendship, too, while I was in the house with him, and I am not going to say anything more about him. Then there was Mr. Euler—and he has gone to his reward, too!

Some hon. MEMBERS: Hear, hear.

Mr. HANSON (York-Sunbury): This is what Mr. Euler had to say, as it appears at page 4517 of *Hansard* for May 2, 1933:

This tax of two cents on sugar amounts to practically 50 per cent of the value of the article, a very heavy tax indeed—

He took his cue from his colleagues.

—it strikes at everybody, and this is an article of food. I think it is very regrettable, though perhaps in some degree necessary, that we should have taxation on food.

Then, as reported at page 4520 of *Hansard* of May 2, 1933, the present Minister of National Defence said:

> While I am on my feet let me say that this is not the only tax that strikes at the masses of the people, because when we come to the sales tax the food of the people, which is now exempt from the sales tax, has to bear a six per cent tax which the masses of the people have never paid before.

What does he now think of the 8 per cent tax?

Mr. CRUICKSHANK: Two per cent higher.

Mr. HANSON (York-Sunbury): Then there was the hon. member for Témiscouata (Mr. Pouliot), a picturesque figure in this house. He was against it, too.

Then there is only one further extract I shall read, that from the speech of the hon. member for Vancouver Centre (Mr. Mackenzie). He is the only one of these hon. gentlemen I now see in the house, in front of me. He felt it his bounden duty—and I can just see him now, standing up straight and throwing out his chest, the great champion of the common people!—to say:

> I feel it my duty to lodge a complaint against the tax of two cents a pound on sugar. . . . People cannot even buy sugar at present prices, let alone at the increased prices as a result of this tax.

What a demagogic appeal for a responsible citizen of this country!

Mr. MacNICOL: He got his reward, too.

Mr. HANSON (York-Sunbury): Yes, he has his reward.

Mr. COLDWELL: I believe all of us, in this corner of the house at least, are opposed to the increase in this tax. It does work a hardship on people who cannot afford to bear that hardship. I feel particularly opposed to this tax, and I agree with everything hon. members opposite said when the tax was first introduced by a Conservative government. I feel that a tax of this description is a tax on a luxury of the children of the nation. After all, sugar is not only something that children enjoy; it is something necessary for their health and welfare.

Having said that, I think we should probably have some information as to the entire sugar business of this country. I see the Minister of Trade and Commerce in his seat, and I can tell him that there is a good deal of misgiving about the sugar industry. The minister should make a statement regarding it to the committee. To-day we are importing sugar, and yet on the other hand we have a possibility of increasing our own production of sugar, through a development of the sugar beet industry. I should like to see the whole matter thoroughly discussed in this chamber, but this is not the time or the place to do it.

I wish to register on behalf of this group an emphatic protest against the increase in the sugar tax, and the imposition of taxes on other sweetening materials. In my opinion, this is one tax which might very well have been left out of the budget.

As I have said on several occasions in the last few days, I have a great deal of sympathy with the minister in his job of having to raise this huge sum of money for purposes of war. I believe, however, that a tax of this description, like the sales tax—and we would have opposed any suggestions for an increased sales tax; we much prefer the succession duty tax—is one which does work a hardship on the poorest home in the land, and the sugar tax ought not to have been increased at this time.

Mr. JACKMAN: I am opposed to the increase in the sugar tax. The minister made an accusation against me which I think was most unfair, and I should like to speak on behalf of some of these "special interests" for which he says I sometimes try to have taxes reduced.

In the constituency of Rosedale, which I have the honour to represent, there were just one year ago no fewer than 10,000 people who were forced to accept relief in order to live. Those people obviously did not have adequate incomes. In that constituency there are returned soldiers living on the so-called "burnt-out soldier's" pension of $40 a month, and yet the minister believes that this tax on sugar is not going to be a substantial burden to those people. It will amount to $5 or $6 a family. When a man's work is very uncertain; when he is unable to do a real piece of work because of his physical condition; when he has to pay an extra $6 or $7 throughout the year, and when he receives only $40 a month, a tax of this kind is a substantial hardship.

I agree with the hon. member for Rosetown-Biggar when he says that this tax might easily have been left off, and the money raised elsewhere. I should also like to point out to the minister some of the other "special interests" whose taxes I endeavoured to have reduced. In the last few days I have endeavoured to have reduced the succession duties on the estates of soldiers who might die overseas. I felt that the amount was severe, and that something should be done to lessen it.

Another of the "special interests" I have been representing has been the soldiers who were taxed 10 per cent on transportation fares, a tax which was subsequently eliminated. If

at times I speak about subjects about which I know, and with which I come in contact in my daily life, I believe it is only right that I should do so. I know about those subjects—and I am not like the Minister of Finance who put a tax on Canadian bonds payable in United States exchange, and subsequently withdrew the tax. Then, when an hon. member asked why he had put on the tax and then subsequently withdrew it, he said, "I must admit that it was due to my inexperience."

Mr. QUELCH: I have said very little up to this time on the whole question of taxation, and mainly for this reason, that I believe in the pay-as-you-go policy. If we are going to have a pay-as-you-go policy, we must have heavy taxation. Up to the present time I have voiced very little criticism of the heavy taxes which have been imposed upon the people. When we compare the tremendous sacrifices being made by the people overseas with conditions in Canada, we cannot say that the people of this country are having to make any very great sacrifice.

I should like to draw the attention of the minister to the fact that in the past he has laid down a definite policy with regard to war finance and taxation. I must admit frankly that I find it hard to follow that policy in connection with some of the taxes being imposed to-day. I should like to quote what he said last year:

> 3. That the task of finance is not only to provide the funds which are used to pay for the war services but more fundamentally is, by taxing and borrowing, to restrict the civilian demand for economic resources in order that they will be available to the defence or supply departments when required.

And again:

> 6. That taxation should be imposed upon a basis of equality of sacrifice, having regard to ability to pay.

I find it hard to understand how the tax on sugar, how the tax on gasoline used by farmers, how the national defence tax on people in the $660 income bracket, come within that definition. It certainly is not according to ability to pay, and we should not desire to restrict the consumption of these lines. I voiced no protest in connection with the higher taxes on income. As a matter of fact, I believe we could go still further. I voiced no protest regarding the excess profits tax. I should like to see it made one hundred per cent. I voiced no protest regarding the succession duties. I believe that these are all just taxes at a time like this, but I cannot see any justification for increasing the taxation of people who have not the ability to pay. This is not in line with the principle laid down by the minister, and it certainly is not necessary to restrict consumption in these lines. Speaking the other day in connection with the gasoline tax, the minister suggested that apparently some hon. members were more interested in getting votes than in supporting a necessary war policy at this time. The minister's words were:

> I do not blame him altogether, but he places a loyalty to the financial dollar and cent interests of his constituents above practically every other earthly consideration.

I thought that statement was addressed only to the hon. member for Rosthern; but according to the newspapers, the minister was referring to me and to other hon. members. I did not understand that then, or I would have replied. Apparently he was referring to all hon. members who were defending the tax on gasoline. I should like to have the minister justify at this time an increase in taxation which is not based upon ability to pay and which is not necessary for the purpose of restricting consumption of a particular article. Those are the two principles which he laid down and stressed in his speech on November 21. First of all, the main purpose of taxation was to restrict spending, restrict the purchasing of commodities, and, second, it was to be based upon ability to pay. I should like the minister to explain how these taxes meet those requirements.

Mr. ILSLEY: It is always a pleasure to engage in a discussion of fundamental principles with the hon. member for Acadia. I do not think this is a particularly good tax. It is an easy way of getting quite a lot of money. I would not say that that is the only virtue it has, but that is a great virtue under present conditions. There is this further thing to be said about it. For the most part, the sugar used in this country must be brought in in ships and shipping is exceedingly scarce. To an extent this tax on sugar will discourage consumption and place that much less strain upon shipping. However, I would not say that that was the major consideration in the imposition of this tax.

I think I stated in my budget address that this was the only tax which was purely a consumer's tax based upon the financial needs of the administration. The budget is remarkably free from these consumer taxes. Sugar is a necessity, but it is not purely a household necessity. It is used in connection with many things which are a little beyond the description of necessity. I am not prepared to stand here and say that this is an ideal tax; it certainly is not. I am not prepared to say that it will always be possible to impose ideal

taxes. In fact, I think every one of these taxes has been opposed by some hon. member. The necessity for taxation is admitted, but the undesirability of each tax has been stressed. There may have been a few exceptions to that, but an argument has been made against nearly every tax.

We must have taxes, at least according to our views. I think I said, in the speech to which the hon. gentleman referred, that he would have us print money, to which he took some exception. I think, however, that is what he advocates, and all I can do is disagree.

Mr. QUELCH: I was wondering why we have not taken steps to increase the production of sugar within Canada, especially in view of the difficulty in connection with shipping to which the minister has referred. The production of sugar in the west could be expanded tremendously, and this would help solve the problem of wheat production. It would be possible for many farmers to go into the production of sugar beets, and instead of producing a commodity which is now a surplus, we would be producing a commodity which is scarce at the present time.

The last time I spoke I suggested that we could very well place a tax on advertising, and I cannot understand why the minister has not done this. This would be a profitable form of taxation. I consider it a detriment that we should have these large advertisements in our periodicals and papers. What are they doing? They are trying to get people to spend more money, and the minister is trying to get people to spend less money. They are working against the minister; their efforts are subversive. This would be a good place for a really heavy tax.

As I said before, with the exception of one or two items I have not opposed any of these taxes. The minister himself admits that this is not a good tax. Even yet, I think we could safely increase the income tax and the succession duties tax, yes and even the liquor tax and the excess profits tax up to 100 per cent. I should like to see all these taxes increased during the war. On the other hand, I am opposed to floating at this time a bond issue of $600,000,000. If the purpose of that is to restrict spending, then I contend that the proper way to do that is by taxation and not by the issue of bonds. If the purpose of these bonds is to raise revenue, then I contend that the proper way to do that is through the Bank of Canada.

The minister referred to the printing of bills, but I do not think that is a fair statement. Last year, when we borrowed $490,000,000 from the Bank of Canada from May 1 to June, did we print $490,000,000 worth of bills? I do not think we did. When we borrowed $250,000,000 later on in the year, did we print another $250,000,000 worth of bills? I do not think we did. It is nonsense for the minister to suggest that, when I urge that we use the Bank of Canada, that means printing money to that extent. All it means is increasing the cash reserves of the chartered banks and the amount of money they have on deposit with the Bank of Canada. We can very well prevent, by the means I have suggested in the past, the chartered banks from taking advantage from this increased cash reserve to expand their loans. Therefore I do not think the minister's talk about printing bills is based upon fact. He knows it is just common talk to scare the people. I challenge the minister to prove that the $490,000,000 which we borrowed last year brought about an issue of $490,000,000 of new bills, or that the $250,000,000 borrowed last January meant the printing of $250,000,000 of new bills. It did not. We can use the Bank of Canada without printing a single dollar bill, unless those bills are required in circulation.

Mr. GERSHAW: I should like to draw to the minister's attention a subject I have mentioned before, namely, giving some encouragement to the beet sugar industry in this country. There are large irrigation districts which are having a hard time getting along and other areas which could easily be irrigated if there was the prospect of expansion of the beet sugar industry. At the present time we are using only about 12·4 per cent of sugar from our own home-grown raw materials. If we could increase this amount by, say, reducing the tax on sugar produced from home-grown raw material, it would help to expand these districts, help to give employment, help the live stock industry, and be a real effort towards getting away from relief and providing employment for a class who have had a very hard time in the past.

Mr. BLACKMORE: This is an important matter, too: that every sugar factory which would be established would be a source of revenue from a dozen different points of view. There would be the revenue from the gasoline tax, from the sales tax, from customs duties, from excise, and from many other sources; there would be revenue directly and indirectly.

There is one thing I aim never to do in my life, and that is to say, "I told you so," but I am going to come close to it to-night. Ever since I came here, I have on many occasions risen in my place and told the government that the time would come when we would need sugar and that, therefore, we ought to expand

our own sugar industry. But never a thing done about it! The only thing ever done was the attempt last spring to destroy it.

Let us do some realistic thinking here. There is in this country, as the hon. member for Acadia and the hon. member for Medicine Hat have said, almost an unlimited capacity to expand our sugar production. If we are having trouble now over shortage of ships, what do hon. members imagine our condition will be a year from now and perhaps a year from that? There is going to come a time, as I hinted the other night, when we may have to send three pounds of sugar from Canada to get one pound to Britain. What condition shall we be in then in order to measure up to our responsibility of delivering the goods? I do not believe there is on the face of this earth a group of people more absolutely foolish in their mismanagement of their country than the Canadian people at the present time, and I am going to take occasion to say a little more about that by and by. We are neglecting, for instance, the development of our sugar industry. We could produce every year right here in this dominion twice as much sugar as we could consume in a year. Every man who will take the trouble to face the facts would be more comfortable in his mind if he knew there was a full year's sugar supply in Canada for Canada, and if in the next two or three years he would know where Britain might get her sugar in case of need.

Who would have imagined a year ago that the Germans would be where they are now? Who would have imagined two years ago that they could possibly get where they are now? Who can begin to surmise where they will be a year from now? I do not think I shall say any more on the expansion of the sugar industry just now.

I feel personally that we are making in this tax a bad mistake. I have just come into the chamber from an errand on which I had to go, and I think the minister was holding forth that this was not a sound tax. I agree with him. I compliment the minister, too, upon the fact that he has built a budget in which there are very few consumer taxes. I recognize that, and it is a good point.

I should like to turn for a minute to the question of the creation of money. I do not wish to go into this too far. I have been wondering whether the minister was bound by some considerations external to the country in this matter of creating money, but the remark he made just now indicates that he is bound by considerations within his own mind and in the minds of the people who advise him. He may not agree with this, but let me tell him and the members of this administration that if, in this crisis, they neglect the capacity of this dominion to supply funds by the application of their power, authority and responsibility given under items 14 and 15 of section 91 of the British North America Act they will be responsible for Canada's deficiency in the war effort such as it may be. They are taking for granted that expansion of money is impossible and would cause inflation. That is a serious thing to take for granted. I do not think I will say anything more on that except to point out that if it is possible to create money without causing inflation—and beyond a shadow of a doubt it is up to a certain point—and since we have price control in Canada without which prices would go up out of sight in a very few years, we can hold prices down with an expansion of money just as well as we are holding prices down now. If the principle were adopted that a good deal of money can be created—I am not saying a great deal, but two or three hundred million dollars—we could remove a lot of these nuisance taxes from the people. That is where I hold the minister and the administration responsible for a great deal of unnecessary taxes.

When I was talking to the Conservatives last night and suggested to them that they did not have any alternative proposal, some of them misunderstood. Let me make it explicit. The only proposal I have heard them make is some other kind of tax. They do not want this ox gored but some other ox. It is the same thing; it is the goring of another ox. If they can suggest a means whereby money can be obtained in this country without additional taxation and without borrowing, they will be doing something that is worth doing in this country at this particular time. I maintain that just so long as the government imagines that Canada's capacity to exert herself financially is governed by her ability to tax and her ability to borrow, she is making a grave blunder and we shall, as surely as we sit here, be held responsible by generations yet to come. If disaster should come to our cause to-day, the administration that sits here will have their names written in black in history if they neglect to use the financial and economic capacities of this country which are right in their hands to-day through the British North America Act.

As to printing bills, there is no need to print bills. The minister has the idea, as have several Liberals who have spoken with me within the last few days, that the social credit proposals involve having huge rolls of bills with printing presses running all over this

country, but they have no excuse for thinking that, because there are men here in this house who know just what the social credit proposals are, and any man in the Liberal party can get information from these men if he does not want to carry away a lot of nonsense in his head. To the extent that the Liberals are neglecting to inform themselves and use the sources of information right here at their disposal, they are going to be held accountable by future generations. Social credit does not envisage the printing of a great number of bills.

To illustrate: Suppose for a minute or two, that we wished to construct a sugar factory. Social credit would cause the banking institutions of this country to advance credit to an organization to build a sugar factory. There might not be a dollar bill involved; it would merely be a call on the credit of Canada, and it could be done through the institutions we have. Similar action could be taken all over the country to promote industries in every direction, greatly increasing the actual goods-producing power of the nation. I do not wish to go into detail; it is not in order to do it.

It is to me one of the strangest things that, with people here who are so sincere, so well informed on the matter of money, and so confident they know the way, as the group with which I am associated, not a single member of the administration has approached at any time any one of us asking to be given any idea as to what the possibilities are with respect to social credit. The assumption is that we just do not know. That is the most fatuous assumption that any group of governing men could possibly make. There is always a chance that any movement such as the social credit movement might be right. I will at this time delay the committee no further.

Mr. POULIOT: I always listen with the deepest attention and the greatest interest to the remarks of my hon. friend the leader of the Social Credit group. This is not the first time that he has expounded those theories in this chamber. But he has his own way of expressing them, and they seem always new. When I listen to him, it is as though I had not heard these theories before, because he has the gift of making each time a new presentation. I know he speaks with great sincerity about the problem of money. It seems to me, however, that he overlooks one fact, namely, that money is not the principal; it is only an accessory, and it must be considered accordingly.

Mr. KUHL: Can you get along without it?

Mr. POULIOT: Very often I do.

Mr. MacNICOL: But your credit is good.

Mr. POULIOT: But here we are discussing taxation, and I have already told my hon. friends of the Social Credit group that the best way to get information about currency and monetary business is to read quietly the reports of the various chartered banks and trust companies, the *Canada Gazette,* and other publications of the same kind. What I find most interesting are the tabulations which appear from month to month in the *Canada Gazette.* They are the monthly reports of our chartered banks. To my mind, it is impossible to discuss currency without having that kind of information in mind.

Of course there are learned doctors of philosophy—Ph.Ds—learned economists, and learned So-and-so's who have written on the same topic; but, strange as it seems, I have enjoyed the reading of official papers much more than those lucubrations, because with a little patience we can understand something of the contents of official publications, when we cannot understand a word of what is written by economists, sociologists, and others of the same kind.

Therefore, sir, I speak to you not as a learned man—I confess I am not—but just as an ordinary man, a layman. On these questions I will agree with the leader of the Social Credit group only when he is able to satisfy my mind by giving me a clear explanation of his system. I have the greatest regard for him, but until now I have not had that pleasure.

Mr. KUHL: None so blind as those who do not wish to see.

Mr. POULIOT: I regret very much that I am a little hard of hearing.

Mr. KUHL: There are none so blind as those who do not wish to see.

Mr. POULIOT: Of course, you see, I am not blind, but I am a little hard of hearing, and that is why I do not catch what has been said. I may be also a little hard of understanding—I say that in all humility—and I do not pretend to teach anything to anyone, I just try to explain when I understand something, and when I do not understand anything I do not try to teach others, because I know very well that the result of my teachings would be an awful mess.

Now, sir, to come to the point; there is something in high finance which I do not understand any better than I understand the theories of my hon. friends of the Social Credit group. On this point, at all events, I

assume that we shall be in accord. In the first place, I have never believed in the Bank of Canada. I find it the fifth wheel of the coach. I shall not now enlarge upon the reasons why I am not enthusiastic about that expensive organization; I shall merely indicate why I am not satisfied with it.

In the first place, it is a mystery, and in my humble view there should be no monetary secrets from the members of the House of Commons. I have said this under other circumstances. What help would it be to Hitler to know what is the extent of any expenditure which is made here in Canada? When I am told that it would be a bad thing for the prosecution of the war to give us some information about the Bank of Canada or the foreign exchange control board, I am not satisfied with that answer. It is quite a long time ago that an ex-Minister of Finance told me that it was impossible to give the members of the House of Commons definite information about the doings of the Bank of Canada. In my humble view, the responsibility of finance should be now, as it was in the past, in the hands of the Minister of Finance.

Mr. BLACKMORE: Hear, hear.

Mr. POULIOT: It was with the utmost regret that I saw that our securities, which were in the east block under the guard of the Minister of Finance, were being transferred to the Bank of Canada; and it was with still deeper regret that I learned from the press that these securities were transferred from the Bank of Canada to the foreign exchange control board, which does not issue our bank notes. What guarantee, therefore, is there for the bank notes? Our securities, which are the pledge for these bank notes, are in the hands of a body other than that which issues the bank notes. We have inflation, of course. If the issuance of bank notes is made by a body that is distinct from the one that holds our national securities, the bank notes are not covered when they are issued. Of course, it is the suggestion of the intelligentsia, and it was done before the time when the present Minister of Finance took charge of that department. I have, however, sufficient confidence in him to expect that he will put things in order in his department and that he will be strong enough to correct abuses.

Is it not my definite right as a member of parliament to ask for information with regard to this matter, which is of national importance? There is a question which has been on the order paper since May 23 and is now the first of the questions on the order paper today. The question has been there for some time, and I want some definite information in answer to it. I have been refused information about the gold held by other countries and now in the vaults of the Bank of Canada but not in the possession of the Bank of Canada. I may tell the minister I have information that the transfer from the Bank of Canada to the foreign exchange control board was not authorized by the board of directors of the Bank of Canada. I shall say more, that when the Bank of Canada was instituted it was set up as a privately owned corporation, but now it is publicly owned, since the Dominion of Canada has purchased all the stock of that bank. As it is a publicly owned organization, how is it that we members of parliament are denied information with regard to it? We should be the first to know about it.

The ACTING CHAIRMAN (Mr. Fournier, Hull): Order.

Mr. POULIOT: I regret very much that the Chairman says I am not in order. I always respect the Chair and I will not insist. I know, sir, that what I am asking is essential to an understanding of finance, and finance is not a complicated matter. It is most simple, and the explanation given must satisfy the mind. When we think of this as Canadian citizens, who expect that the future of this country will be bright after the sombre days through which we are passing, and that the sun of dawn will shine again after a very dark night, then, if we want that to happen, if we want the future days to be happier than those in which we are now living, we must be very careful about the financial structure of the country. Of course, the comparison about structure can be applied to many matters. It must be applied to the financial system. The basis or foundation of the financial system must be strong if we wish to build upon it. I shall have other remarks to make later on, but I would point out that we cannot give too deep study to this matter. I appreciate the fact that hon. members feel as I do, that this matter is serious and that we cannot give it too much thought and foresight—foresight for the future, so that the future shall be better than the present.

Mr. QUELCH: I wish to ask the minister a question which he can answer on some other item. On the war appropriation bill I asked the minister how the lag between total expenditures and total revenue would be made up. In the budget speech he said that there was a lag of one billion dollars. It is proposed to make up $600,000,000 of that by the sale of bonds. How does he propose to make up the balance? Will it be by means

of bond issues or through borrowing from the chartered banks? That is, by monetary expansion.

Mr. ILSLEY: I do not know whether I can give such a statement before the session ends. One cannot tell.

Mr. QUELCH: Would the minister also, on some other item, say why he considered it undesirable to raise money by taxing advertising? I do not think he has answered that question.

Mr. ILSLEY: It is not relevant here. It is not in order to discuss alternative taxes at a stage like this.

Mr. QUELCH: But the minister himself has accused us of attempting to do away with certain taxes without suggesting some other source of revenue.

The ACTING CHAIRMAN (Mr. Fournier, Hull): Order. I allowed the leader of the Social Credit group to discuss questions not relevant to the section, and he was followed by the hon. member for Témiscouata, who also was out of order. Now the hon. gentleman is continuing a discussion which is not relevant to section 15.

Mr. QUELCH: Surely I am in order in asking whether there should not be an alternative way of raising revenue by placing a tax on advertising instead of on sugar. If the minister does not wish to answer that question now, he can do so on some other item. The committee is entitled to know why the government refuses to tax advertising.

Mr. ILSLEY: I do not think I should like to give that undertaking. Perhaps it would be relevant on some item of my estimates, or something of that kind—

Mr. QUELCH: Name the item. You choose the item.

Mr. ILSLEY: I do not know whether there is an item or not.

Mr. QUELCH: Does the minister mean to say that in a budget debate it is not relevant to ask such a question? That is nonsense.

Mr. ILSLEY: We are talking about sugar. If I were to undertake to go into the merits and demerits of alternative taxes I do not know where we would end. I have been giving some consideration to the question of advertising, perhaps not as extensively as I should have done, and I can see great difficulties. But is there anything to be gained at this stage of the session, or this stage of the debate, by entering into a discussion of the pros and cons of some alternative tax, selected at random? I will take the hon. gentleman's suggestion into consideration; it may be that we shall have to impose taxes on many things before this war is over; but why enter into an academic debate on some item that is not before the committee?

Mr. CASTLEDEN: I should like to ask one relevant question. What would be the expected revenue from (a) and (b)?

Mr. ILSLEY: For both of them—

Mr. CASTLEDEN: I should like them separately, if possible.

Mr. ILSLEY: We do not have them separately for the coming year, but we have the figures for last year. For 1940-41, the revenue from sugar was $11,637,094, and from glucose, $257,333.

Mr. CASTLEDEN: What is expected under the increased rate?

Mr. ILSLEY: In a full year there will be about $12,000,000 additional.

Section agreed to.

Progress reported.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Monday, June 2, 1941.

The house met at three o'clock.

DEFENCE OF CANADA REGULATIONS

CONCURRENCE IN THIRD REPORT OF SPECIAL COMMITTEE

Hon. J. E. MICHAUD (Minister of Fisheries) presented the third report of the special committee on the defence of Canada regulations, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SUN LIFE ASSURANCE COMPANY—OWNERSHIP AND OPERATION OF PUBLIC UTILITIES

Mr. CHURCH:

1. Are life assurance companies, under the Canadian and British Companies Act, allowed to own and operate public utility companies in Canada?

2. Does the Sun Life Assurance Company of Canada own, operate or control the Stormont Electric Light and Power Company, Cornwall, Ontario?

3. Did the Sun Life Assurance Company of Canada obtain control of, own or operate any other public utilities in Canada? If so, when were such properties acquired?

4. What office does, or did, Mr. Lawrence Jack, of Montreal, occupy in the Sun Life Assurance Company?

5. What regulations have been imposed on these public utilities of the Sun Life by the superintendent of insurance?

Mr. ILSLEY:

1. Canadian life insurance companies have been restricted by The Insurance Act, 1910, and successor statutes including The Canadian and British Insurance Companies Act, 1932, from acquiring more than 30 per cent of the common stock, or of the total stocks, of any corporation. Control of any corporation acquired before 1911 may continue to be exercised thereafter.

2. Yes.

3. Yes, two others, both before 1911.

4. Mr. Jack is an employee in the investment department of the company.

5. There is no provision in the insurance laws of the dominion for the regulation by the superintendent of insurance of corporations controlled or operated by insurance companies.

CANNED LOBSTER CONTROL—PRINCE EDWARD ISLAND

Mr. O'BRIEN:

1. Who is the assistant controller or manager for Prince Edward Island under the canned lobster control scheme?

2. Is his appointment seasonal, full-time or otherwise?

3. What salary does he receive?

4. What sums have been paid him as salary?

5. What sums have been paid him as expenses?

6. What has been the total cost to date of operations in Prince Edward Island under this scheme?

7. What have been the departmental or general cost for advertising and other expenditures and the proportion of same chargeable to Prince Edward Island?

8. What have been the total number of cases handled, (a) from Prince Edward Island; (b) from New Brunswick; (c) from Nova Scotia; (d) all sources?

9. What have been the total expenses?

10. What have been the total receipts from the lobsters handled under the scheme?

Mr. MICHAUD:

1. There is no assistant controller or manager for Prince Edward Island.

2. and 3. Answered by No. 1.

4. and 5. W. H. Tidmarsh of Charlottetown was employed as depot manager there from May 28 to October 31, 1940, and during that period received,—salary, $1,025.81; expenses, $44.20.

6. $1,774.63.

[Mr. Church.]

7. General cost of advertising based on total production of 58,898 cases—$50,000; proportion to P.E.I. based on 17,284 cases produced, $14,748.70; expenses other than shown in No. 6—chargeable to P.E.I., $1,405.47.

8. (a) Prince Edward Island, 2,556 cases; (b) New Brunswick, 2,370 cases; (c) Nova Scotia, 5,196 cases; all sources, 10,122 cases.

9. Exclusive of advertising, $123,727.57.

10. Sales of canned lobster in Canadian and United States dollars, $96,977.02; United States exchange, $6,901.51; sale empty containers, $256.75; inventories other than canned lobster, $7,121.07; total, $111,256.35; net cost of operations, $12,471.22.

PRESS CENSORSHIP—"THE TREND"

Mr. CHURCH:

1. Was a pamphlet or newspaper, dated March 20, 1941, called *The Trend*, censored at Montreal by press censor?

2. If so, for what reason?

3. Who was the censor?

4. How many copies of *The Trend*, in excess of two hundred, were allowed to be published and circulated?

Mr. CASGRAIN:

1. Yes.

2. Because in the opinion of the press censor, certain material in it, consisting of an inaccurate report of a speech, contravened the defence of Canada regulations, 39A.

3. Mr. E. McMahon, assistant press censor in charge at the Montreal office.

4. None in excess of 200.

ADDRESS OF FRENCH CONSUL-GENERAL IN MONTREAL ON TUNISIA

Mr. CHURCH:

Has the attention of the government been called to an address delivered at Montreal in March, 1941, by the consul-general of the French government, on Tunisia, and containing comments reflecting on the United Kingdom and her allies, and the conduct of the war?

Mr. MACKENZIE KING: No.

CANADIAN MINISTER TO FRANCE

Mr. CHURCH:

1. Has Canada now an envoy or minister or ambassador to the Vichy government of France?

2. If so, who is he, where is he located and what functions does he perform?

3. Will he be recalled?

Mr. MACKENZIE KING:

1. Yes.

2. The Canadian minister to France is Lt.-Col. G. P. Vanier, D.S.O., M.C., who is now in Montreal. He is serving as a member of the Permanent Joint Board on Defence established by the governments of Canada and the United States. The Canadian lega-

tion to France is now established in London in charge of Mr. Pierre Dupuy, first secretary of the legation who is also in charge of the Canadian legations to the Netherlands and Belgium.

3. This is a matter of government policy which will depend on circumstances.

VICHY GOVERNMENT AND THE WAR—CANADIAN SEAMEN FROM SS. "PORTADOC"

Mr. CHURCH:

1. Will the government ask the French government, under Marshal Petain, what its present war aims are towards the British empire and Canada?

2. What replies have been received from the Prime Minister of Great Britain, or from the French government, through its local legation, to information asked for by the government, as announced in the House of Commons on May 19, 22, and 27, last?

Mr. MACKENZIE KING:

1. This too is a matter of government policy with respect to which it is considered inadvisable to make any statement at present.

2. The information requested of the French government regarding the position of Canadian seamen from the SS. *Portadoc* who were landed in French Guinea has not yet been received. In view of the known difficulties in communication, the delay in receiving this information is not unreasonable.

MUNITIONS AND SUPPLY—H. H. BELL

Mr. FLEMING:

1. What position does H. H. Bell hold in the Department of Munitions and Supply?

2. Did he enter government service through the civil service commission, and, if so, at what grade and what salary?

3. What are his educational qualifications?

4. What experience did he have prior to his entry into government service?

5. What is his present salary?

Mr. HOWE:

1. Departmental purchasing agent, grade 2.

2. Appointed through the civil service commission as clerk, grade 3, at $1,380.

3. One year high school and one year commercial.

4. 1930-32, investigation officer, customs excise preventive service, Department of National Revenue, Niagara Falls, Ontario; 1934-39, salesman, Waverley Motors Limited, Ottawa; 1939-40, salesman, Pinks Limited, Ottawa.

5. $2,220 per annum.

QUESTIONS PASSED AS ORDERS FOR RETURNS

INTERNATIONAL WATER SUPPLY LIMITED—WAR CONTRACTS

Mr. DIEFENBAKER:

1. How many contracts have been awarded since the outbreak of war to International Water Supply Company, Ltd., of London, Ontario?

2. What are the particulars of the nature and amount of such contracts?

FOOD AND DRUGS ACT—GIN

Mr. POULIOT:

1. Referring to sessional paper No. 303 (a) of this session and to attached circulars until August 4, 1939, was it permitted under the regulations of any department to call "gin" anything else than "potable spirit sweetened or unsweetened prepared from grain spirit specially rectified and redistilled with juniper berries and flavouring herbs, etc." as described by section 11 of the regulations under the Food and Drugs Act?

2. Why were the collectors of customs and excise and excise officers in charge of distilleries "required to ensure that no spirit other than spirit distilled from grain is used in the manufacture of gin, etc."?

3. When did it become permitted for the first time to label as "compound gin" a "beverage made by adding neutral spirits to a distillate obtained from a mixture of alcohol, juniper berries and other flavouring herbs, without subsequent redistillation of the whole, etc.", as described by section 11 (a) of the said regulations?

4. What was the reason of such a change in the said regulations?

5. At whose request and through what counsel, solicitor, agent or lobbyist was it made?

Mr. POULIOT:

1. Referring to sessional paper No. 303 of this session, during the last six years, did any department analyse the beverage labelled "genuine Hollands-Geneva-John de Kuyper & Sons, etc."?

2. If so, how many times?

3. Each time, was it, (a) "prepared from grain spirits specially rectified and redistilled with juniper berries, etc.", or (b) "made by cold mixing molasses alcohol with malt wine, without being redistilled, etc.", or (c) "by first using spirits not made from grain mashes and secondly not redistilling such mixture with juniper berries, etc."?

4. Was the beverage referred to in No. 1 permitted to be labelled as "gin"?

5. If so, when for the first time?

Mr. POULIOT: Mr. Speaker, I should like to amend part 5 of question 16 by adding after the word "time" the words "during the last six years".

Amendment agreed to.

MOTIONS FOR PAPERS

CANADIAN BROADCASTING CORPORATION—CORRESPONDENCE WITH ASSOCIATION OF TECHNICAL EMPLOYEES

Mr. ROSS (St. Paul's):

For a copy of all correspondence, telegrams and other documents exchanged between the Canadian Broadcasting Corporation and any department of government; or any official thereof, and the association of technical employees, and also copy of the ruling made by the Department of Justice with regard to

the ability or inability of the Canadian Broadcasting Corporation to do business with the trades union.

Mr. HOWE: Return tabled.

DOMINION BRIDGE COMPANY—CALGARY ROLLING MILLS

Mr. JOHNSTON (Bow River):

For a copy of all letters, telegrams and other correspondence exchanged between the dominion government and the Dominion Bridge Company, and/or other interested parties, since the beginning of the present war to date, in connection with the Calgary Rolling Mills.

LORETTEVILLE, QUE., INDIAN RESERVE WATERWORKS SYSTEM

Mr. ROY:

For a copy of all reports, contracts, letters, telegrams and other documents exchanged between the ministry of health of the province of Quebec and the Department of Mines and Resources (Indian affairs branch), and between the latter and Mr. Ludger Bastien of Loretteville, Quebec, relative to the purchase of a waterworks system on the Loretteville reserve.

REGULATIONS UNDER SECTIONS 11 AND 11(a) OF FOOD AND DRUGS ACT

Mr. POULIOT:

For a copy of all correspondence, memoranda, briefs, telegrams, and reports in relation to the enactment of sections 11 and 11 (a) of the regulations under the Food and Drugs Act.

Mr. POULIOT: Before this is carried, I should like to amend it by adding the words "and application" after the word "enactment" in the second line.

Motion as amended agreed to.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

Resolved, that it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $29,414,206 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1941; to make provision for the purchase or refunding of capital obligations of the company or of any company comprised in the Canadian National Railways system and for the issue of substituted securities for such purposes; to authorize the governor in council to guarantee the principal, interest and sinking funds of securities issued by the company for the purposes aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $29,414,206 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system; to authorize the company to pay supplementary contributions to certain railway employees' provident funds; and to authorize the making of further temporary loans to the said company for interim deficits, said loans to be reimbursed from the annual revenues.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

BUSINESS OF THE HOUSE

MORNING SITTINGS

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

That on and after Tuesday, June 3, 1941, until adjournment on completion of current business, the house shall meet at 11 o'clock in the morning of each sitting day and that in addition to the usual intermission at 6 o'clock, p.m., there shall also be an intermission every day from one to three o'clock.

Motion agreed to.

LABOUR CONDITIONS

EFFECT UPON EXISTING WAR CONTRACTS OF INCREASES IN MINIMUM WAGE RATES

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): I desire to direct a question to the Minister of Labour with respect to an order in council reported to have been passed on May 31 providing for increases in minimum wage rates for the manufacture of supplies for the government, and providing that government contractors must now pay not less than the rates set up under the law of the province where the work is performed and never less than 35 cents per hour for adult male employees and 25 cents per hour for adult female employees. This is said to be retroactive in effect.

Having regard to the steady rise in the cost of living I am in accord with the principle underlying this announcement. I understand it is felt that the minimum wage paid in certain cities in the province of Quebec is too low. The question arises: Does this order in council apply to all contracts let by the government on a competitive basis, and if it is to be retroactive in effect, is it the intention of the government that the difference in cost occasioned thereby in respect of competitive contracts let prior to the passing of the order in council will be made good by the government, or will the contractor be obliged to make good the difference?

Hon. N. A. McLARTY (Minister of Labour): The leader of the opposition (Mr. Hanson) was kind enough to give me notice of his intention to ask this question. I think the use of the word "retroactive" has proven to be a little misleading, and if I read section 2 of the order in council it might answer his question: It reads:

The terms of all existing contracts of the type to which the said "B" conditions apply, shall be revised by the insertion therein of the foregoing schedule of minimum wages, such revision to become effective ten days after written notice thereof has been communicated to the contractor.

I think it would be a fair interpretation to say that this applies to all new contracts and to other contracts in connection with which notice has been given pursuant to the terms of the order in council. I shall table the order in council. I think any adjustments will have to be considered not by the Department of Labour but rather by my colleague the Minister of Munitions and Supply (Mr. Howe). It would be unfair for me to undertake to say what will be done in connection with existing contracts.

Mr. HANSON (York-Sunbury): The question whether the contractor or the government will have to absorb the additional cost has not really been settled.

Hon. C. D. HOWE (Minister of Munitions and Supply): The adjustment of contracts is a matter that arises from time to time in connection with the interpretation of the fair wages act. All I can say is that this depends upon the contractual obligations. I cannot say offhand that in every case the contractor will be reimbursed; it will depend upon the nature of his contract.

COMMONWEALTH AIR TRAINING

USE BY THE UNITED KINGDOM OF CERTAIN CIVIL FLYING TRAINING FACILITIES IN UNITED STATES

On the orders of the day:

Mr. J. G. ROSS (Moose Jaw): I should like to put a question to the government based upon a news item which appeared in most of the Canadian newspapers during the last week-end. This news item is dated at Washington and indicates that the United Kingdom government proposes to train a large number of British air crew in the United States. Will the government inform the house, first, whether it was consulted with respect to this proposal, and, second, as to the effect, if any, of such a proposal upon the British commonwealth air training plan?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have been expecting for some days that a question like this would be raised, and I have had in my portfolio a letter which I received from the high commissioner of the United Kingdom in reference to the matter to which my hon. friend has just referred. The letter is dated May 13, 1941, addressed to myself as Secretary of State for External Affairs, and reads:

My dear Prime Minister,

I am writing about the proposal that the United Kingdom government should avail themselves of certain facilities for civil flying training in the United States of America, which Sir Archibald Sinclair discussed with Colonel Ralston at the time of the latter's visit to London.

The United Kingdom government are grateful for the Canadian government's cooperation in the consultations on the subject which have proceeded between the two governments since, and are glad that there is agreement that the proposal offers advantages that we should unhesitatingly accept. The United Kingdom government wish me to repeat at the same time that these plans will in no way reduce the scope of the joint air training plan in Canada, which, together with those other measures of assistance in the field of air training so generously afforded by the Canadian government, are being developed much beyond the maximum degree originally planned and at a pace which is far ahead of the original schedule. This constitutes a remarkable achievement by the Canadian authorities who are mainly responsible for this scheme, which will, we believe, be one of the most weighty and decisive factors in gaining victory for our arms.

Yours sincerely,

Malcolm MacDonald.

Hon. R. B. HANSON (Leader of the Opposition): There is no question of Canada's sovereignty involved in this proposal, is there?

Mr. MACKENZIE KING: It is not a question of Canada's sovereignty.

Mr. HANSON (York-Sunbury): That was the question three years ago.

Mr. MACKENZIE KING: That was the question?

Mr. HANSON (York-Sunbury): Three years ago.

Mr. MACKENZIE KING: I think my hon. friend is far afield.

Mr. LAPOINTE (Quebec East): The United States were not concerned.

Mr. MACKENZIE KING: I do not understand the significance of my hon. friend's remarks. Perhaps he will explain them.

Mr. HANSON (York-Sunbury): They will speak for themselves.

DAIRY PRODUCTS

CHEESE FOR SHIPMENT TO BRITAIN—CANADA TO SUPPLEMENT BASIC PRICE

On the orders of the day:

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I should like to make an announcement on behalf of the dairy products board.

The agreement between the governments of Canada and the United Kingdom completed on the 31st October, 1940, provides that Canada will supply the United Kingdom Ministry of Food with 112,000,000 pounds of cheese manufactured during the year ending March, 1942. The United Kingdom Ministry of Food has agreed to accept such additional quantities as may be available for export. The price to be paid by the United Kingdom Ministry of Food is 14·4 cents per pound on board ship eastern Canadian ports. The government of Canada has supplemented this to the extent of ·6 cents per pound, making a basic price of 15 cents per pound for first grade cheese on board ship.

The dairy products board on the 20th May, 1941, issued an order requiring that during an indefinite period commencing 26th May, 1941, all cheese manufactured in the provinces of Ontario and Quebec are to be large white cheese and to be exported.

The dominion government is supplementing the price of cheese for export to the extent of another cent per pound, making a basic price on board ship of 16 cents for first grade cheese. This extra price will be applicable to cheese manufactured on and after the 26th day of May and exported. The dominion government is, therefore, supplementing the amount paid by the United Kingdom to the extent of 1·6 cents per pound.

On a basis of the minimum quantity to be exported, namely, 112,000,000 pounds, Canada's contribution at 1·6 cents per pound amounts to $1,792,000, but if the quantity actually exported exceeds 112,000,000 pounds this amount will be increased by 1·6 cents per pound on each pound over 112,000,000 which is exported.

SPECIAL WAR REVENUE ACT

The house resumed from Friday, May 30, consideration in committee of Bill No. 88, to amend the Special War Revenue Act—Mr. Ilsley—Mr. Fournier (Hull) in the chair.

Section 16 agreed to.

On section 17—Gasoline.

Mr. DIEFENBAKER: Mr. Chairman, I was unavoidably absent when this question was previously before the house, and for that reason I should like to speak on this item at this time.

I have received a large number of protests against the imposition of the gasoline tax so far as agriculture is concerned, in that it means an increase in the cost of production for the western farmer at a time when the government is doing nothing to assure him of a fair return for the products which he sells. Every other industry but agriculture is in the position of receiving a fair return. I was surprised to read all the arguments advanced by the Minister of Agriculture for supporting this tax. At page 3052 of *Hansard* he said:

> It is a tax which, even as now proposed, is levied on a very small percentage of the farmers of Canada.

So that his justification was that only a few were affected thereby. At page 3054 he set out the reasons why he was supporting this tax. I quote:

> Coming to the question whether this tax should be imposed on farmers, or whether there should be any tax on farmers, I think we shall all agree that the farmer does pay his share of taxation, whether this three-cent tax is imposed or not. I am not arguing the question from that point of view at all. A three-cent tax on gasoline does mean something to many farmers. It does not mean as much as some of us would seem to have convinced ourselves that it does with regard to many farmers of certain types.

A little further down he says:

> But I think I am in agreement with at least sixty per cent, and probably seventy-five per cent, of the membership of this house when I say there never has been introduced in this house a budget which was so completely a farmers' budget as the budget introduced by the present Minister of Finance. That is recognized by farmers all across Canada.

He refers to the budget as a farmer's budget. No doubt he has some reasons for making that statement. If I understand it correctly it means this, that it is a farmer's budget because of the fact that in the main it imposes increased income taxes; and by reason of the operation of the policies of this government and its failure to assure the farmer an income, there being therefore no income, it is a farmer's budget for which the government should be commended.

No one is arguing against any of the taxes in this budget on the basis that the people of Canada are not willing to pay them. I realize the difficulty which confronts the Minister of Finance in raising taxes; I appreciate the necessity of securing revenue. But the best way for the minister to make a success of the campaign for the loan which is now before the people of Canada would be to go on the radio and assure the people

that their sacrifices and their willingness to make them are appreciated, and that this government is going to cut out unnecessary expenditure for non-war purposes and pare down necessary ones to the limit.

A return has been made to the house this very day in connection with which I wish to protest in that it shows that the governmenat is continuing to increase non-war expenditures at a time when ever-increasing taxation is being imposed upon the people. Referring to the Minister of Agriculture's new policy for reducing wheat acreage by summer-fallowing, according to this return, which was brought down in reply to my question whether he had any men out in western Canada explaining the scheme, the Minister of Agriculture has thirty-seven men going about the country, each at a salary of $150 a month, plus living expenses when away from headquarters and mileage for use of cars, explaining to the western farmer the need of this legislation. Is there any justification for it at a time like this, I ask the Minister of Finance? Instead of reducing non-essential, non-war expenditures, one department alone proceeds with an expenditure of about $6,000 a month in order to explain to the farmer what he already knows through advertisements which have appeared in the press.

I suggest this—and I have not spoken before in reference to these various measures introduced by the Minister of Finance that when you expect people to make sacrifices so as to be able to contribute to the war loan, and when you impose taxation such as this upon the farmer, non-war expenditures should be reduced to the greatest possible extent, and it is difficult to see that this is being done.

In looking over the list of these expenditures I find that for the years 1938 to 1941 the estimated amounts of expenditure were approximately as follows, the year in each case ending on March 31: 1938, $425 millions; 1939, $411 millions; 1940, $455 millions; 1941, $434 millions, and the estimated expenditure for the year ending March 31, 1942, is $431 millions.

Mr. ILSLEY: In two of those years we had two sets of estimates, the main estimates and the special supplementary estimates, and then a third set, the ordinary supplementaries. I believe the hon. gentleman has compared the main estimates only in those two years with the main estimates of the last two years. We had only two sets of estimates in the last two years, as distinguished from three previously. I think the hon. gentleman has fallen into an error in his comparisons.

Mr. DIEFENBAKER: No, I am taking the same set of figures all the way through, and I am asking the Minister of Finance what is being done to reduce non-war expenditures. Apparently they have not been reduced more than a few millions. I find instances such as this which came to hand to-day, of thousands of dollars being expended in order to create jobs for friends in western Canada. There is no justification for this sort of thing.

I appreciate the industry which the minister applies to his position, and I assure him that if he would tell the people of Canada that the estimates before the committee, and those to be brought down during the next few days, will be very considerably reduced, it would make a great deal of difference to the success of the loan campaign. As one example, take the Montreal terminal. The expenditure on that project in the coming year, in order to carry into effect a political promise, will amount to $4,466,596. I plead with the minister that political promises be not honoured in these times. I plead with him, so far as political promissory notes are concerned, either to extend the time for maturity or cancel them altogether.

Here we are in the last few days of the session, asking people to submit to ever-increasing taxation, which they are prepared to do for war purposes but not for controllable non-war expenditures. We as members of this committee have the right to protest against the government's having held back most of the non-war estimates until a time when, with termination of the session pretty well set for the end of the week, it will be impossible for us to deal with each one individually and give it the attention it should receive. The people are asking us to give these matters attention. They are willing to make sacrifices, but they expect us to see to it that the slogan "business as usual" is not to be applied to, or made an excuse for, continuing non-war expenditures at the amounts at which they now stand.

All over western Canada the farmers are asking that they be exempted from the gasoline tax. I have not at any time, in the committee or in the house, spoken in protest against any other tax. I recognize that taxation is necessary, but this particular tax is, in my opinion, most unfair. The Minister of Finance, in his argument, admitted it. He conceded its unfairness by saying that he had considered various avenues of escape, but that, because it would be difficult to arrange for exemptions, no course was open to him other than to put it into effect.

Mr. ILSLEY: I said that if we had had exemptions we would have had a considerably higher tax.

Mr. DIEFENBAKER: Yes, but the minister also said that the reason the farmers and

fishermen were not exempt was that he, his colleagues and those associated with him, could not find any effective means of preventing evasions. He pointed to the situation in one province—he must have referred to Saskatchewan—and the difficulty of enforcing the provincial legislation as to refunds of gasoline tax.

I am registering my protest. I realize that our protests do not mean much, but I protest against the tax, and in doing so, I couple with it the suggestion that the minister immediately see to it that non-war expenditures be reduced, so that there may be no question of the performance of political promises at a time like this.

Now that we are trying to get tourists from the United States, the effect of this tax will be particularly undesirable. All over the United States, although I speak particularly of the west, the people are being warned by nazi propagandists not to come to Canada. All kinds of reasons are given, such as alleged difficulties at the boundary and interference with free ingress and egress. A recent article in the *Financial Post* shows that one of the chief arguments used against tourists coming to Canada, thereby providing us with United States dollars, is the fact that the Minister of Finance, on the occasion of the conference on the Sirois report, warned the Canadian people that rationing gasoline might be necessary. By increasing the tax you keep out more tourists. Within the last week I have had letters from people in the United States who regularly visit Canada, stating that in view of this tax they do not intend to do so any more.

In connection with the acquiring of United States dollars, here is an advertisement on behalf of the Canadian government which to my mind is the most unusual and peculiar which has ever been put out on behalf of Canada. It is issued by the Canadian government travel bureau in the United States and appears in the April issue of *National Geographic* magazine. What a description of Canada's war effort! I quote:

> Canada at war is still the greatest playground in the world.

The word "still" is underlined. This is an advertisement that is to bring tourists into Canada! I ask for exemption, first, for farmers and, second, for tourists in order that United States dollars which we need shall not be diminished in their flow into Canada through reduction in tourist traffic consequent on the imposition of this tax.

Mr. FAIR: I do not think I should let this opportunity pass without once more protesting against this tax on gasoline as it applies to farmers and fishermen. I have already referred to the good times which have been enjoyed by industry. Labour is now enjoying the level of remuneration that prevailed between 1926 and 1929. If the farmers were receiving to-day the price for their wheat that they received at that time, they would be in a better position to face this tax. If we were getting the price paid between 1926 and 1929 we should be receiving $1.35 a bushel for No. 1 northern at Fort William, but instead of that we are getting 70 cents. Why are farmers singled out for unjust taxation when the prices they receive for their products are so unfair? One-third of Canada's population is on the land, and a large proportion of the people are directly dependent upon the farmers for their living. Why, then, are we discriminated against?

In the last analysis, farmers are the ones who have to bear the brunt of Canada's taxation. They are asked to send their sons to fight the battle overseas, and we want to know why we are discriminated against not only in the matter of prices but also in the matter of taxation. I am not speaking for the farmers of my constituency alone but for farmers across Canada, because it appears that a number of farmer representatives do not think it worth while protesting. My voice may not have any effect on the government's programme, but I think as a farmer representative I should at least protest against a tax which I regard as unjust.

Mr. CASTLEDEN: What is the estimated revenue from the farmers through this gasoline tax?

Mr. ILSLEY: There is no estimate.

Mr. CASTLEDEN: Can the minister give no estimate?

Mr. ILSLEY: No.

Mr. CASTLEDEN: Even on the basis of the number of tractor farmers there are in Canada?

Mr. ILSLEY: No.

Mr. BLACK (Cumberland): Has the minister given further thought to the representations which I and others have made, that farmers and fishermen be exempt from the gasoline tax? If the minister has not been able to do so as a federal measure, has he communicated with the provincial government to see whether a further rebate can be allowed to farmers and fishermen in Nova Scotia so that they will not have to pay more for their gasoline? They will be subject to

the highest gasoline tax in all Canada, and they are the people who are least able to pay it.

Mr. ILSLEY: The farmers and fishermen in their work will pay the three cents in Nova Scotia just as others anywhere else will. It is the same, because there is an exemption of farmers and fishermen from the gasoline tax in Nova Scotia, apart from this impost.

Mr. BLACK (Cumberland): I was asking whether any representations had been made to the effect that as a contribution to the war and a special concession to the farmers and fishermen in Nova Scotia in carrying on their vocations, there be an allowance by the province so that these classes of users would be relieved of the new tax on a commodity which is so essential in their occupations.

Mr. ILSLEY: Does the hon. member mean that we should suggest to the government of Nova Scotia that they should make a rebate of part or all of the gasoline tax on gasoline used by farmers and fishermen for pleasure purposes?

Mr. BLACK (Cumberland): I did not say that. I said, in their occupations as farmers and fishermen.

Mr. ILSLEY: In that respect they are now exempt.

Mr. BLACK (Cumberland): Does the minister suggest that this three-cent tax does not apply to the farmers and fishermen in that province?

Mr. ILSLEY: No, but the hon. gentleman has asked whether I would make representations to the government of Nova Scotia for a refund or some exemption from the tax on farmers and fishermen. They have no tax except a tax on gasoline used for pleasure purposes. That is why I asked the hon. member whether he wanted me to make representations for a remission of part of that tax.

Mr. BLACK (Cumberland): I suggest that representations might be made by the minister to the government of Nova Scotia whereby the classes of users of gasoline in that province to whom I have referred might be compensated for this tax.

Mr. ILSLEY: I have not made any such representations. I am not sure I understand what they are, but I have not made them.

Mr. WRIGHT: I protested against this tax when we were discussing the resolution and I do not intend to go over the arguments again. Since then, however, the minister has made the statement that this tax will affect only a small percentage of farmers. I do not agree with him. It will certainly affect 90 per cent of the farmers of Canada, because there is not a farmer to-day who is not using gasoline for some purpose. He uses it in his threshing and other work as well. In western Canada last fall the cost of operations increased and the farmer absorbed that additional expense. With this added cost on gasoline, and with the wage increase that will come again this fall, the extra burden will be passed on to the farmers. This gasoline tax will be passed on to every farmer both in the west and in the east.

We have a shortage of agricultural products in practically every line except wheat. The Minister of Agriculture has announced that the price of cheese has been raised a cent a pound, the object being to promote greater production. We shall be faced this winter with a shortage of other dairy products, and in this tax we are putting an additional cost on the farmer which will tend to diminish his production of these things. I protest against this addition to the cost of agricultural production in Canada, when not only we but the people of Great Britain as well need the things that we can produce.

Mr. GARDINER: I might direct attention to the remarks of the hon. member for Lake Centre (Mr. Diefenbaker) and make what I am sure he will agree is a necessary correction. The questions asked were these: How many persons are employed by the federal Department of Agriculture in explaining the summer-fallow bonus system in the three western provinces? What are their names? What remuneration and expenses does each receive? The answer is as follows: At the present time, thirty-seven persons are employed in field work in connection with the wheat acreage reduction programme in the western provinces. That work does not consist of just what my hon. friend referred to a few moments ago, explaining the summer-fallow bonus system. I have before me a list of those persons. I am not familiar with all the names, but I would say that with the exception of possibly half a dozen all these men were already in the employ of the federal government or of one or other of the provincial governments. That is, they were either in the employ of this government under the Prairie Farm Rehabilitation Act or the Prairie Farm Assistance Act, or they have been in the employ of the government of one of the provinces in connection with relief matters, or in similar work among the farmers of that province. Those who have come from other governments have been given leave of absence for the time they will be working for this

government, which may be only a few weeks. The others, who have been employed in connection with the Prairie Farm Assistance Act and the Prairie Farm Rehabilitation Act, will carry on some of their previous activities in conjunction with the work they do in reference to the wheat acreage reduction. In other words, as I explained to the house earlier this session, the prairie farm assistance organization is being used for the purpose of administering the wheat acreage reduction plan; and many of the persons whose names appear in this list were employed in connection with our other activities, but are being paid for the time being under this appropriation.

Mr. MAYBANK: What is the total number of completely new employees, and what is the total expense in respect of them?

Mr. GARDINER: I am not entirely familiar with these names, so that I am not in a position to say exactly how many of the thirty-seven are new, but my estimate would be that probably not more than half a dozen new men are on the list. The others are men who have been employed in these other activities. The total expense while they are doing this work will be at the rate of $150 per month per man. We do not know yet how long they will be on this work, but it will be for some weeks during the summer while seeding and summer-fallow operations are being carried on.

Mr. MAYBANK: Would $2,000 or $3,000 cover it?

Mr. GARDINER: I would judge so. I should think that my hon. friend, in giving his figures a few moments ago, probably multiplied twelve by $150 and then by thirty-seven, but of course the total will not be anything like that amount.

Mr. DIEFENBAKER: The minister says there are six new employees.

Mr. GARDINER: Do not make it too specific; I am not absolutely sure, but it is about that number.

Mr. DIEFENBAKER: Does that include those who were formerly in the employ of the provincial governments?

Mr. GARDINER: No; there are about six in addition to those formerly in the service of the dominion or provincial governments. I think only about five or six of these men were with the provincial governments.

Mr. DIEFENBAKER: Then we have about six men who are new employees and another six who were formerly with the provincial governments, and who therefore would not be on the dominion payroll.

[Mr. Gardiner.]

Mr. GARDINER: No.

Mr. DIEFENBAKER: Then how many more were formerly employed under the Prairie Farm Assistance Act?

Mr. GARDINER: Some of them.

Mr. DIEFENBAKER: How many?

Mr. GARDINER: I would have to check the list to say. I am not sure of the number, but the remainder would be employed under the Prairie Farm Rehabilitation Act, the Prairie Farm Assistance Act, and in similar activities.

Mr. DIEFENBAKER: Would those formerly connected with the administration of the Prairie Farm Assistance Act be in the service of the dominion government at the present time, as Prairie Farm Assistance Act employees?

Mr. GARDINER: Those who are employed under the Prairie Farm Assistance Act are only called up for a few weeks during the summer. They are not what you might call permanent employees. They are called up just as hail inspectors are called up under hail insurance, to carry on their duties for perhaps three or four weeks, or two or three months. Those are the men who have been employed in this case.

Mr. DIEFENBAKER: So that these men who are designated as employees under the Prairie Farm Assistance Act have not been in the employ of the dominion government in recent months?

Mr. GARDINER: Well, the first man on the list has been in the employ of the dominion government for the last twelve months. I do not know how many more are in the same position; I would have to check the whole list.

Mr. PERLEY: Then there is an expense account, as I understand it?

Mr. ILSLEY: On a point of order, Mr. Chairman, I do not want this converted into a discussion of agriculture estimates. Certainly it is out of order to discuss in detail the question which has been raised. I try not to raise points of order, but we are on the gasoline tax, and apparently we are in for an afternoon of discussion on the Prairie Farm Assistance Act, or wheat reduction, or something of the kind.

Mr. COLDWELL: I concur in what the hon. member for Lake Centre has said with regard to criticisms. We have appealed to the minister to remit this tax as it applies to farmers and fishermen. The other evening I

said the minister was stubborn. Perhaps that was not the word to use; possibly I should have said he is determined. In any case it would appear that while this is a tax which the farmer and the fisherman should not be called upon to bear, the government is determined to impose it. Hon. members should realize that when our farmers are being asked to reduce their income by reducing their production, this additional burden will become almost a tragedy for a large number of those who are trying to carry on their operations. I just want to make this one further protest, because I am well aware of the fact that at this stage at least, it is useless to make an appeal.

Mr. QUELCH: When we were discussing this matter in the resolution stage I protested against the imposition of this tax. Already a good deal of time has been taken up in a discussion of the matter. It was considered on May 20, 21 and 22; and up to the evening of May 21 practically every hon. member who had taken part in the discussion had spoken against the imposition of this tax on farmers and fishermen. On May 22 the Liberals had a caucus, and apparently the members were whipped into line, because after that we had no further protests from that party.

One cannot help feeling that it is futile to oppose anything brought into the house by this government, even though the majority of hon. members may be against it. It is not a very nice criticism to have to offer against a so-called democratic institution, but apparently members are compelled to vote against their conscience or against the wishes of their constituents. During the whole debate the minister has not given one sound reason why exemption should not be granted in respect of coloured gasoline for agricultural purposes. There would be no possibility of abuse, and there would be no trouble about refunds. The Minister of Agriculture used a peculiar argument when he said there would not be more than 57,000 tractors in western Canada burning gasoline, and that therefore the problem would not be of very great importance. I suggest to him that 57,000 farmers have a right to expect from this house just and equitable treatment. On the other hand if his figures are correct it is an argument in the opposite direction, because if only 57,000 farmers are to be affected, the amount of revenue lost by the exemption would not be very great.

The hon. member for Portneuf said that the average amount of gasoline used by a farmer would not be more than 300 gallons a year. Of course that statement is incorrect. It may be true for Ontario, but in my own case, for instance, on a farm of not more than average size, I use anywhere from 1,500 to 1,600 gallons a season. That is very different from 300 gallons; it means an additional tax of about $45 or $50 each season. Multiply that by 57,000 and it will be found that these farmers will be compelled to contribute over $2,000,000 each year. It is a contribution they should not be called upon to make.

I say again to the minister that if it is a question of raising revenue, and if he feels that the government cannot do without the revenue, let him tap other sources which can be taxed with far greater justice. Again I suggest that one of those sources is advertising.

Section agreed to.

Section 18 agreed to.

On section 19—Building materials excluded.

Mr. MACDONALD (Brantford City): When the resolution was before the committee I brought to its attention the serious shortage of housing in Brantford. Since that time I have returned to Brantford, and have had further interviews with his worship the mayor and members of the city council. I am informed that the housing situation in Brantford is indeed acute. I understand that the mayor is almost besieged by residents of Brantford who are about to be evicted or who have received notices advising them that they must move on or before a certain day. Unfortunately many of these people are wives of soldiers who are not now in Brantford. The situation is most distressing. To-day there are not enough houses in Brantford to accommodate the working people of that great industrial centre. Most of those people are engaged in essential war industries. I assume it is agreed that those employed in such industries should be housed under proper conditions.

Yesterday I read in the New York *Times* the following notation from Washington:

> The United States Housing authority approved to-day a $2,896,000 contract to M. S. Kelliher Company of Boston for construction of 744 homes in Orchard Park, Boston. It also approved a $2,620,000 contract to Psaty & Fuhrman, Inc., of New York, for 744 homes in the Roger Williams Homes Project at Providence.

This shows that in the United States, as in Canada, in many centres there are not enough houses to accommodate the working population.

When the resolution was before the committee I suggested there might be two ways of assisting the building trades in connection with low-cost housing. I asked whether it would be possible to remit the tax on building materials put into low-cost houses. I under-

stand that here an administrative problem might arise, but I should like to know whether it can be done. Further, the National Housing Act might be widened so as to allow a maximum loan on a house costing $3,000. The act provides that a maximum loan up to ninety per cent may be allowed on housing which costs $2,500 or less, including the price of the land. My information is that it is impossible to build a house to-day for $2,500. An additional sales tax has been imposed, and there have been some further increases in costs. I am informed that if the figure of $2,500 were stepped up to $3,000, the number of houses built would be increased. I leave these two suggestions with the minister. I cannot impress upon him too strongly the very great shortage of houses which prevails in Brantford, as I understand, it does also in other parts of Canada.

Mr. BLACK (Cumberland): I wish to join with the hon. member for Brantford City in expressing my regret that the government has felt it wise to place this tax on the building industries. I have expressed my disappointment with regard to the tax on children's theatre tickets and the tax on gasoline used by farmers and fishermen. This, however, I regard as the most regrettable and unfortunate tax imposed by the minister, and I hope it is not yet too late for him to reconsider it.

In recent years this government, and I believe most of the provincial governments, have encouraged the ownership of property and the building of small houses. Over a period of years many millions of dollars of government money have been spent to encourage the ownership of property by citizens of Canada. All will agree that the ownership of property by citizens is the very basis of contentment in any country. It has been the established policy of governments in Canada to encourage the people to build their own homes. In recent years in many parts of Canada, including Nova Scotia, it has not been practicable from the point of view of investment to build the workman type of house, or to invest in farm properties. It is very desirable that people should live in their own homes and have ownership of the property in their own right. This tax will make it impossible for many people to do that.

The hon. member for Brantford City has pointed out the scarcity of low-cost houses in that city. The same condition applies to many places in Nova Scotia. There is a great scarcity of workmen's houses in Halifax, New Glasgow, Sydney, Yarmouth, Amherst, Springhill and other centres. The minister stated—I believe these are his figures—that he expected this tax would bring in a revenue of $15,000,000. This will mean taxation of almost $200,000,000 worth of building construction. Some building will not be affected because it is financed by the government. The tax will be payable by the government, increasing the cost of the properties. To that extent it is unsound and at the cessation of hostilities the government will have high cost property and suffer a substantial loss because this eight per cent tax has been imposed.

In the old days people who had money invested it in land and buildings and farms. That is not done to-day because the ownership of such property is a liability rather than an asset, except for those who occupy it. To-day they invest in bonds. Those who desire to own their own homes or farms should not have to pay this 8 per cent tax on building materials to provide or improve their houses or barns or farm buildings. In Nova Scotia there is still unemployment, and many people who might otherwise be able to obtain employment in the construction of new residences will not be able to do so because of this tax. Employment of that kind will be discouraged. From the point of view of the municipalities, it is essential that there should be as much building as possible by present and prospective home owners. It increases the assessments and makes for a contented people.

The encouragement of building is most important from the point of view of the lumber producers. In eastern Canada the lumber industry is in a difficult condition because of inability to ship overseas due to the scarcity of tonnage. A large quantity of lumber is available for construction, but the heavy tax of 8 per cent will discourage such work or make it impossible for people to proceed with the building of new homes and making improvements that they have had in mind. I join with the hon. member for Brantford City and other hon. members in expressing regret at the imposition of this tax and I ask the minister to reconsider the matter. He is obtaining some additional revenue from the increased tax on amusements, and he should cancel this tax or place it elsewhere. As the hon. member for Acadia has just suggested, he should listen to the appeal made by hon. members of this house, by the working men of Canada and by the municipalities; he should cancel this tax upon building materials, a tax which is most unjustifiable under existing conditions.

Mr. HANSON (York-Sunbury): Mr. Chairman, it was with great regret that I noted the removal of the exemption of building materials from sales tax. I do not intend to

traverse the ground covered by the hon. member for Brantford City and the hon. member for Cumberland. I reaffirm the principle enunciated by the hon. member for Cumberland, that a country of home owners is the ideal thing. I am glad to be able to tell the committee that this principle prevails in my county, where the majority of houses are owned by the people living therein. Last year there was a substantial increase in the number of houses built in Fredericton. When I returned from the Easter vacation after the budget had been brought down and this exemption had been removed, my information was that a substantial number of people who had contemplated building had cancelled their arrangements. When I was home a week ago Saturday I was informed that for the first time in a number of years not a single house was being built in the city.

If the minister cannot go the whole way with respect to this, I suggest that he can at least go part way. In 1929 and all through the depression years there was a considerable amount of what I would call deferred maintenance. This condition continued through 1937, 1938 and 1939, and it is only in the last two years that people have begun to repair their buildings. I think the minister could have made an exception in the case of building materials used in the repair of homes or of properties rented as homes. These exemptions could have been limited to fairly small invoices, which would have the effect of allowing repairs long overdue to be made. I realize that there might be some difficulty in administration.

We know that such items as sashes and doors and so on are made in wood-working factories to-day, and not on the job as was the case a few years ago. I suppose these factories will have to take out licences under the sales tax provisions, and it would be easy to arrange for exemptions on comparatively small invoices covering materials for repairs to houses. In many parts of Canada buildings have been allowed to become dilapidated because their owners have been out of work and could not afford to carry out repairs. It is a sad commentary to go through the countryside and see how dilapidated many farm buildings are. I think the minister could have made some accommodation such as I have indicated.

The minister has wiped out all the exemptions. We all know the difficult times faced by the construction industry during the depression. Nothing gave the former government more concern than the fact that a large number of competent mechanics, such as carpenters and bricklayers, found it impossible to make a livelihood. One of the reasons why the former prime minister and the former minister of finance established a government building scheme and started a housing scheme even in a small way was to give an impetus to the building trades of Canada. I believe that had a good effect. But that forward step is now to be wiped out. For the first time in many years people have steady employment and are contemplating making repairs upon their buildings, but they think twice now before carrying out their plans in that regard.

In one instance a group of men owned a vacant property in a certain community. A chain store company wished to establish itself in that community, and arrangements had been made and a loan from an insurance company actually negotiated to build the property that was to be rented to this company. This tax came on and added $8,000 to the cost of construction, and the whole deal fell through. I can give the minister the particulars if he so desires. There is one building that will not go on. This is regressive taxation of a very serious kind. The instance I have related was in connection with a property that was to cost $100,000. I am not pleading for that class of property to-day because I do not think we should embark on large or fairly large enterprises of that kind now, but I am pleading for the small home owner who for the first time has had a steady job in years and now has a little surplus money with which to put a new roof on his house, or to make necessary repairs. This tax is penalizing him. I ask the minister to reconsider it, if it is not too late.

Mr. COLDWELL: I too ask the minister to reconsider this tax. I realize that there are administrative difficulties in exempting material for repairs or to be used in building modest houses for working people and people in the lower income groups. But I suggest to the minister that probably the time has arrived when in this matter, as in the manufacture of automobiles and some other things, the government should say that construction of houses of the luxurious type will not be permitted, and that the labour and material, if it is to be used at all for civilian purposes, shall be used for those who need housing and homes.

As the hon. member for Brantford City, the hon. member for Cumberland, and the leader of the opposition have said, housing conditions across this country are deplorable. I recollect that in my own city of Regina in 1931, when the census was taken, we were told that the average number of persons per room was two, and I am told by those who

live there now that the crowded condition in Regina, owing to concentration because of the war, is even worse than it was then.

I brought upon myself a little criticism the other day because I referred to conditions which I saw in the city of Halifax, Nova Scotia. I said that years ago I had visited the slums of the great metropolis of London, England, and spent several days in going through them, but that I had never seen anything worse there than I saw in the city of Halifax, Nova Scotia. There were crowded thousands and thousands of our people. One of the newspapers in Halifax said that I did not know Halifax, that my knowledge of the city was so limited as to preclude any authoritative statement, and that of course is true; but I did happen to be piloted around the city by someone who is an authority and I did see its slums.

Mr. ISNOR: Where were they?

Mr. COLDWELL: On Maynard street, Market street, Argyle street, Grafton street and a number of other streets I visited.

Mr. MACDONALD (Brantford City): You know your Halifax.

Mr. COLDWELL: Yes, I have been there before. I would tell the hon. member for Halifax this, that in one place on Maynard street I saw something so shocking that I have never seen anything worse in my life—six or seven houses opening on a very small yard not nearly in length the width of this chamber, and in that yard, upon which there were dilapidated and filthy houses crowded with people, there was one small shed and under the same roof a common toilet and common water supply for all the people inhabiting those six or seven houses.

Mr. ISNOR: What would be the total number of places such as the hon. member describes in the city of Halifax?

Mr. COLDWELL: I could not say. I hope at least that that kind of thing is found only infrequently. But the very fact that people have been living in Halifax under those conditions and that the municipal authorities have allowed them to exist in the middle of the city is a blot on the administration of Halifax.

I have a report here of the Nova Scotia Housing Commission for the year ended November 30, 1939. I am going to read just one paragraph from page thirteen. The report says:

> The survey showed that of the number of places inspected—

[Mr. Coldwell.]

> This was in the city of Halifax alone.

—122 were unfit for habitation, in addition to 12 basements; while the number which did not conform to proper housing conditions was 129. The number of places considered unsuitable for human occupancy unless improved was 50. A total of 18 places which had been repaired were still not regarded as satisfactory. Only 4 places were recommended as suitable for habitation. Close to 3,000 people are living under conditions which are not satisfactory, the largest percentage of whom are existing under shocking conditions—the housing situation in Halifax is far more serious than perhaps it has ever been.

That was before the war was under way and before the city became crowded. The government is making the gravest error at this time in placing an additional burden on the building of low-cost homes. The health of our people in the final analysis is our greatest asset, and no people living under conditions of this sort can be healthy. What is the use of building tuberculosis sanatoria, hospitals, and so on, if we allow housing conditions to exist in our cities such as I have described and such as this report indicates?

I am urging the minister to reconsider this proposal. If he must impose a tax—and he must, of course, somewhere else if exemptions are granted—then, if administrative difficulties are in the way, let the government prohibit the building of luxurious and extravagant houses. I cannot say that a $2,500 house ought to be the limit that should be permitted to be built at this time, because building costs vary in different parts of Canada. In some western cities it would cost from $4,500 to $5,000 to build a house that could be built for at least two-thirds of that amount in Ontario. But I believe a plan could be worked out of at least introducing some system of priorities in order to see to it that the health of our people is not impaired by a lack of housing, and this applies particularly to housing in places such as I have mentioned. I know that the government has been considering a plan for housing in Halifax and some other places, but I have not seen any definite announcement as to whether building has actually been authorized in that city.

There are other places besides Halifax it is true; I have mentioned Halifax because I saw the conditions there and was criticized for having expressed my opinion as a result of what I saw. I know it to be the truth, and incidentally this report bears it out. The government should not discourage the building of modest houses, because poor housing interferes not only with the health but with the morals of the community. I certainly concur in what the hon. member for Brantford City, the hon. member for Cumberland and the leader of the opposition have said in regard to this matter.

Mr. BRUCE: I should like to add my voice to that of hon. members who have just spoken in regard to the unwisdom of removing this exemption. I approve of everything which has been said by the hon. member for Brantford City. I have had some experience in the problem of housing, having spent some months in 1934 in a study of housing conditions in the city of Toronto. I do not intend to go into this question at length, but I can say to the hon. member for Rosetown-Biggar that the conditions he found in Halifax can be duplicated in the fair city of Toronto. I regret to have to say that. I was charged with having cast an unnecessary slur upon Toronto in respect of its housing conditions. But after an investigation of many months we found that the slums there, although limited to small areas, were as bad as any I have seen in the city of London, where, some few years ago, I passed several weeks in investigating housing and slum conditions.

I strongly approve of the housing act which this government put into force in 1935. The act facilitated the building of a great many houses. The chief drawback, in my opinion, was that it did not go far enough; it failed to make provision for the low income group, those who could not afford houses costing more than, say, $1,500. The difference between that amount and the actual cost of the house will have to be taken care of by somebody. In my opinion it is the combined responsibility of the municipality, the provincial and the dominion governments.

A few years ago Mr. Purvis made a report on this subject. I commend particularly to the attention of all hon. members the appendix to that report dealing with low-cost housing, and I hope the time will come when those recommendations will be implemented.

In his own department the Minister of Finance has an excellent branch, headed by Mr. Nicolls, who have done splendid work. As I said a few months ago in this chamber, the work of this group should be extended and more money provided to enable them to prepare plans to deal with the situation after the war. When our soldiers come home from overseas it will be too bad if they have to settle down amid the slum conditions which, I am afraid, some of them left to serve their country. If we intend to take care of this very important post-war work we should begin now. It will require several years of careful planning to be ready to go ahead with it when it is most needed.

The hon. member for Rosetown-Biggar spoke of the health conditions associated with poor housing. I can confirm what he said. We found such cases as that of one person with tuberculosis sleeping in a room with children who were susceptible to the disease and who would, I have no doubt, in the course of a few months, contract the disease. Another serious aspect of the housing problem is overcrowding. It was not an unusual experience to find three or four different families occupying the same house, with one family to a room. One can understand that this has a bad moral effect. Such slum districts are frequently centres where crime is bred; for children are forced to spend their time in the streets where they soon learn to gang up with other children and thus often become centres of criminal activity.

I shall not dwell further on this subject. I merely suggest to the minister that he should find some means of maintaining this exemption for the cheaper houses, say those which cost in our province $3,000 to construct, as suggested by the hon. member for Brantford City. It may be necessary in the west to raise the exemption to a higher figure. The leader of the opposition made a very good suggestion when he pressed for the exemption from the tax on lumber and materials for repairs. I hope that the minister will give this matter his very careful and sympathetic consideration.

Mr. FRASER (Peterborough West): It is not my intention to protest to-day against this tax, because, as the minister knows, I did so on May 5 and May 22. Rather I am going to plead with him to reconsider the changing of the tax so that it be not applicable to houses of the value of $4,000 and less which come under the provisions of the national housing act. Because this country does need houses for its working men. I know that the national war-time housing organization is erecting houses all over the country, but they are for the use of those engaged in national defence work, and they will be taken down after the war is over. Speaking on May 22 I urged the minister to consider this proposal from the point of view of giving the working man something to work for, so that he would have a home of his own. I do not know whether the minister has built a house for himself, but if he has he will know there is great pleasure in doing it. These workmen get much pleasure out of it, and it makes them better citizens. On May 22 the minister said:

> Now it is desirable for them to make the old house do, as far as they possibly can, so as to leave the steel for the radiators free—if it is steel.

Commenting on that the other day, a man remarked to me that he did not think the minister should have said that, when this

government is having carload after carload of steel go into that "hole in the ground" in Montreal. One beam used in that construction would more than provide all the radiators in one of those small houses.

I have previously asked whether this tax could not be removed in view of the fact that it adds from $150 to $240 to the cost of each house. This extra cost falls upon men who are in receipt of only small wages and simply cannot afford it.

I suggest that in connection with national housing the government should permit the allowance to be increased from 80 per cent to 90 per cent. The amount is 90 per cent on the small homes, costing $2,500; but, as the hon. member for Brantford City has said, a house cannot now be built for that amount, because the cost of building materials has increased in the last year over 12½ per cent. The cost of the average house under the national housing scheme in 1940 was something over $2,900. With a sales tax added to the increased cost of materials, it is going to be over $3,000. I plead with the minister; please take that tax off.

Mr. ROSS (St. Paul's): I have just a word or two to say. I have been a director for fifteen to twenty years of the Toronto housing company. That company is a semi-philanthropic institution: 15 per cent of the stock was paid in, and the bonds were guaranteed by the city of Toronto up to 85 per cent of their value. In Toronto we have a large property comprising about 350 apartments ranging from one room to apartments of six rooms. They serve a definite purpose and rent at from about $20 a month up to $45. What worries me is the cost of keeping up the repairs on such properties. The majority of them were built in 1913, so that they are getting fairly old. We have kept them in good shape, but repairs on that property will probably cost from $20,000 to $30,000 a year. The result is that the tax on material going into those repairs will run from $1,600 to $2,400 a year, and that means that we shall have to raise the rents. Not only that, but the city of Toronto had to come to the assistance of the housing company, and they urge that we keep the rents down. I mention the Toronto housing company as an illustration to show that many houses in Toronto which are of the same age must be kept up, and this tax will affect them. Whether the tax goes on or not, material will have to be bought for repairs so as to enable people to live in these houses.

I doubt whether it is the intention of the minister to tax repairs to properties in this way. There is an increasing demand for houses, and in the centres of these cities there are houses that can very well be made over. The home improvement plan was something that gave impetus to the making over of old houses so as to render them habitable. Although the money for the home improvement plan is out, there is an opportunity for people to do the same work without the assistance of the government, but it seems to me to be quite a burden to ask them to pay eight per cent on the cost of the work. It is all to the advantage of cities that are growing, if people try to retain the population within the city instead of having it spread to the outskirts. It saves overhead. But people will not pay an added eight per cent tax on repairs to old houses. I do not believe it is the minister's intention that they should. Without the assistance of the national housing act, workmen and others can put up small houses because their incomes are greater. I think it would be better if the tax were limited to houses not exceeding $3,000. There should not be a tax on material going into such houses, nor should the tax apply to repairs to apartment buildings. Repairs must be kept up. In Toronto there is a by-law that authorizes the city to compel the repairing of any house. It is a hardship to be obliged to repair a house and to pay the extra tax on it. I wish the minister would reconsider the eight per cent sales tax on repairs of this kind.

Mr. BENCE: Hon. members have discussed this problem from various angles, particularly the scarcity of houses and the question of encouraging people to own their own homes. The question has also been discussed of improving what in some cases are deplorable living conditions. In these sentiments I must express complete concurrence. I would emphasize one thing that has not been discussed extensively so far and that is the position of those who are employed in and expect to continue in the construction industry. I would also consider the subject from the point of view of the unemployment problem on the western prairies. Out there we have not yet received any appreciable amount of work through the efforts of this administration, although a number of us from the prairies have urged upon the government from time to time the advisability of taking advantage of the resources of man-power and material in that section of the country. In addition to that, under the present policy introduced in connection with wheat, the income of the prairie provinces has been considerably reduced. In fact, this year it will be less than fifty per cent of what it was last year. Gener-

ally speaking, the living standard of the western prairies has been greatly reduced and is going down rapidly from what is already an extremely low level.

Many people in western Canada and particularly in the prairies have been depending on the increased activity in construction to bring them employment. I would point out to the minister what I interpret as two objects of the legislation which in my opinion do not apply to the prairies. In the first place, I presume that one reason for a tax like this would be that man-power is required in other industries, particularly war industries, but so far as the west is concerned, the government has not seen fit to take advantage of our man-power there, and therefore that object for the legislation is not applicable. The second object, as I see it, is revenue; and again, so far as the prairies are concerned, this tax, according to what I am informed by those who know the building industry better than I do, will almost completely retard any progress in construction out there. Consequently revenue does not enter into the consideration from our point of view. The minister should consider that in all likelihood the increased activity in those sections of the country which are not already employing all their man-power in the construction of buildings, houses and so on might bring him in another way more revenue than he will obtain under this provision. Men employed in construction work, labourers, artisans and so on would have their income increased as a result of the encouragement of construction, particularly on the prairies, and I suggest that in that way the minister would get more money from that particular section of the country if he encouraged the people instead of discouraging them as is being done under this provision.

Mr. ISNOR: I should be remiss in my duty if I did not take exception to some statements made by the hon. member for Rosetown-Biggar in his reference to the constituency and particularly the city of Halifax, which I endeavour to represent. I may not be on my feet as frequently as the hon. member for Rosetown-Biggar; neither am I in the habit of making the extravagant statements which he appears to delight in making from time to time—

Mr. COLDWELL: Is the report of the Nova Scotia commission an extravagant statement?

Mr. ISNOR: —not only to members of this house but to the people of all Canada, with regard to certain sections of the country. Apparently, from the criticism which has been offered with reference to his remarks on previous occasions, this view is held by many; and the statement he has made with regard to Halifax, which I know to be extravagant, would appear to be on a par with the statement he made last session with reference to the health situation in Halifax.

The ACTING CHAIRMAN (Mr. McCann): I would direct the hon. gentleman's attention to the fact that we are dealing with section 19, concerning building materials. Standing order 58, subsection 2, reads:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

I hope the hon. gentleman will bear that in mind in making his remarks, so that we may expedite the business of the house.

Mr. ISNOR: Thank you, Mr. Chairman; I always try to keep my remarks within the limits of the particular matter we are discussing. At present I am dealing with the question of housing, in connection with which building materials figure so largely.

I shall come back to the hon. member for Rosetown-Biggar in a moment, but I should like to pay my respects to the hon. member for Brantford City and to congratulate him upon the constructive suggestion he offered the Minister of Finance with regard to raising the loan limit in connection with the construction of low-priced houses. If I remember correctly, the leader of the opposition gave credit to a former Conservative administration for introducing the home improvement plan. I think that was a mistake; I believe the home improvement plan was inaugurated under the present government, when Mr. Dunning was Minister of Finance, and the same remark applies to the exemption of building materials from the sales tax. It is only because of the present emergency, and the need for revenue, that the minister is again applying the sales tax to building materials. Therefore I commend the suggestion advanced by the hon. member for Brantford City, because I believe the construction of medium and low-priced houses should be encouraged on account of the beneficial effect it would have on all our citizens, particularly those who would like to own their own homes. I hope the minister will give serious consideration to that suggestion, and if nothing can be done under this measure, perhaps the provisions of the housing act might be enlarged to meet the situation.

I disagree to some extent with what was said by the hon. member for Cumberland

with regard to the construction of homes being carried on in Nova Scotia, and particularly in the city of Halifax. I do not know how well versed the hon. member is with reference to the situation in Halifax. I give him credit for being sincere in his efforts on behalf of certain interests throughout Nova Scotia. He is particularly concerned with an important branch of industry in that province, namely lumbering, and I was glad to hear him present that side of the picture. During the past few years that industry has enjoyed increased activity. Naturally I should like to see that continue, and therefore I join with him in his efforts in that regard. But when he refers to the construction of homes on farms, I do not think the government has need to worry very much.

Mr. BLACK (Cumberland): I was referring to repairs to farm houses and farm property. I had in mind the desirability of people owning their own farms and their own homes.

Mr. ISNOR: I quite agree with what was said by the hon. member for Cumberland with regard to improvements on farms. I like to travel throughout the province as much as possible and look at the beautiful farms, and I have been happy to note that during the last two or three years many farmers have been improving their buildings in many ways. I would suggest to the hon. member for Rosetown-Biggar that instead of sticking to such streets as Grafton and Market, he should get out and see the beauty spots in and around Halifax. Then I think he would come back with an altogether different idea.

Mr. COLDWELL: I saw them.

Mr. ISNOR: I agree with the hon. member for Cumberland when he suggests that the home improvement plan might be carried out to a greater extent, but I am happy to say that the farmers have improved their properties to a marked degree, so that I believe anyone travelling through Nova Scotia will find the farms and farm buildings in very good condition indeed.

I now come back to the hon. member for Rosetown-Biggar. I think it is a great mistake, and certainly does not help our war effort, to have such statements made on the floor of this house, on the public platform, or over the air. When people hear such things said about one part of the country they immediately wonder whether they are true. The hon. member for Rosetown-Biggar occupies an important place in this house as leader of a group that has a goodly representation. To judge from his tactics of recent date, he is quite hopeful of leading, in the not too far distant future, not a minor group but the official opposition. I do not think he has ever aspired to leadership of a government; I suppose he realizes that this would be impossible until he acquired wider, broader and fairer views concerning the different parts of Canada; but there is no question in my mind and in the minds of a great many members of this house that he does hope to take over the position of leader of the opposition.

The ACTING CHAIRMAN (Mr. McCann): I presume this is a special type of building material?

Mr. ISNOR: I am dealing with building material.

Mr. COLDWELL: I wonder whether I am to judge the hon. member's intelligence by his last remark.

Mr. ISNOR: The hon. member who has the floor has always been able to take care of himself pretty well; and most of those with whom he associates agree that he has a fair amount of intelligence, perhaps not equal to that of the hon. member for Rosetown-Biggar but still enough to enable him to get along fairly well. My hon. friend referred to an item which appeared in the press. I am going to read that item in full:

M. J. Coldwell, acting leader of the Cooperative Commonwealth Federation in the Commons, was appalled by housing conditions in Halifax, he told a C.C.F. gathering in a public address on Saturday night.

That address was, if I remember aright, made in Toronto.

Mr. COLDWELL: But it was not a Cooperative Commonwealth Federation audience.

Mr. ISNOR: The article continues:

Mr. Coldwell was a recent visitor to Halifax. His stay here was brief. Yet, though he was in the city only a few brief hours, he became so full of knowledge on housing affairs here that he was able to broadcast with the voice of authority to all Canada, for all Canadian newspapers carried an account of his address.

We hesitate to suggest that he spoke with a hidden motive—

Mr. COLDWELL: No; the words are, "an ulterior motive". I have the article here.

Mr. ISNOR: Then why did the hon. member not read it all?

—yet the gentleman leaves himself open to suspicion. If he said what he did because of lack of knowledge of the facts, then he stamps himself as a very undependable person and one not to be taken seriously in anything he says.

If he spoke as he did for the sake of political effect, then he is a dangerous person. In either case his action was unwise.

The C.C.F. leader does not know Halifax.

Mr. COLDWELL: Pretty well.

Mr. ISNOR:

His knowledge of this city is so limited as to preclude any authoritative statement. With their customary charity, Haligonians will probably decide that he spoke too hastily but they are forced to conclude, at best, that he was most foolish to make the absurd statements credited to him.

Dealing now with the housing situation—

Mr. COLDWELL: From what was the hon. member reading?

Mr. ISNOR: The hon. member has just stated he has a copy of it. However, it is from a Halifax newspaper.

Mr. COLDWELL: Which one?

Mr. ISNOR: On the Monday following the date the hon. member gave his address. It is from the Halifax *Star*.

Mr. GILLIS: The official organ of the Liberal party in Nova Scotia.

Mr. HANSON (York-Sunbury): Oh, not now; it used to be. I am glad, however, to tell the committee that now it is against this government, so far as I can see. It is very critical of this government.

Mr. ISNOR: I agree with the observations of the hon. member for Brantford City respecting this section. In closing, I would say that I sincerely hope the Minister of Finance will take into consideration the constructive suggestions of the hon. member.

Mr. GILLIS: All hon. members who have voiced their opinions as to why this tax should not be imposed have spoken from different angles. I suppose if every hon. member spoke we would have reasons from all parts of Canada as to why the tax should be modified in some instances and exempted in others.

I believe the hon. member for Brantford City has made a proper suggestion. We realize, as has been pointed out by the hon. member for Rosetown-Biggar, that it is necessary to raise money at this time. It is not sufficient or proper simply to rise in one's place and oppose the tax. I have one or two definite reasons why arrangements such as those suggested by the hon. member for Brantford City should be made effective in my section of the country.

Before, however, going into that matter at length, I would say that for many years I viewed Nova Scotia as part of confederation. We were a member of a Canadian family, entitled to take our share of the good and obligated to accept our share of the bad. Many times I wondered why the problems of that province were not better known by the federal government. I wondered why 80 per cent of Canada's wealth was centred in one province, and I believe that this afternoon I have got the answer. The hon. member for Halifax (Mr. Isnor), in his restricted city view of a national problem, has given me the answer. If in the constituency which he represents only a dozen families would be affected, yet I would point out to him that they are still Canadians and are entitled to a Canadian standard of living in respect of housing and other matters.

The hon. member used bad judgment when he rose in his place in this chamber and ridiculed and belittled someone who does not live in his section of the country, but who has tried to bring a condition to the attention of the government, and has done that, not for political purposes, but to expose conditions which breed Hitlers, and people of that kind. That was the object of the hon. member for Rosetown-Biggar. I wish to add that in the time I have been associated with him I have no hesitation in saying I consider him one of the most conservative and fair-minded—

Mr. BRUCE: Come over here.

Mr. McIVOR: And Liberal.

Mr. GILLIS: —men it has ever been my privilege to meet. I believe that, if anything, he understated the case this afternoon, and in my opinion the attack made upon him was uncalled for.

The ACTING CHAIRMAN (Mr. McCann): Order. The hon. member is entirely out of order.

Mr. GILLIS: I understand that.

The ACTING CHAIRMAN (Mr. McCann): Very well; if the hon. member understands, I wish he would pay attention to the rule which states that members must confine their observations to the section under discussion.

Mr. GILLIS: I am endeavouring to do that. When, however, the Chair allows sufficient latitude to one member to precipitate an attack, then I suggest it must expect another hon. member to be out of order in trying to answer that attack. I was surprised to hear an hon. member from Nova Scotia attacking another hon. member who was endeavouring to improve conditions in that province.

Mr. ISNOR: Defending Nova Scotia.

Mr. GILLIS: I know the city of Halifax almost as well as does the hon. member from that city, and I am sure that the housing condition has been understated. That general condition cannot be viewed from the driveway here in Ottawa; it must be analysed as a whole.

I wish to bring to the minister's attention a problem in my section of the country with which I am familiar. When, about thirty years ago, coal mining developed in Nova Scotia, a community was built up round the mines with housing accommodation sufficient to accommodate about 50 per cent of the men employed in and around the mine. Houses in these mining sections are absolutely deplorable. In the eastern end of Nova Scotia the only improvements in housing have been made by individuals who have endeavoured to secure pieces of land, to erect houses on them, and thus to maintain their families. A good deal of that has been done in the last two years.

In addition to that, the housing problem has been dealt with by cooperative organizations in that part of the country. The provincial government has cooperated to the extent of inaugurating a housing programme whereby groups are formed. These groups, each of which consists of twelve men, secure pieces of land. Through the medium of their credit union, sufficient money is raised to make down payments on the land. Eighty per cent of the total cost of the building is lent by the provincial government.

Five groups have been organized which have completed their homes. The amount allowed for each home is $1,800. Each man must build his own home; that is, he must draw the plans and build the house. I know of many groups which are prepared to go ahead this summer with buildings of that kind, thereby solving for themselves the housing problem existing in mining communities. Whole villages are being created in this way. They can put up such a building for $1,800; but if a contractor were hired, the cost would be $3,500. This additional tax of 8 per cent upon the lumber will cost them $144. The only cost entering into the house is that of material, the labour being all done by themselves.

Mr. ILSLEY: The eight per cent tax is reckoned on the wholesale price. Therefore it would be at least 20 per cent less.

Mr. GILLIS: That is some help. This tax will discourage many of these groups. I think they are carrying on one of the most practical plans for the solution of the housing problem, and this is being followed in nearly every district where there are coal mines. I think the leader of the opposition will tell us that the same applies to Minto. With the help of the provincial government these cooperative housing groups are formed. A credit union is first formed, and then they tackle the housing problem. Many of these men earn only $15 to $20 a week and are now occupying two or three rooms for which they must pay $20 a month. They are trying to get themselves out of that atmosphere, and we should not do anything at this time to discourage them. If the suggestion of the hon. member for Brantford City (Mr. Macdonald) is followed, this type of house would not be taxed.

Mr. ILSLEY: The hon. member has said that if the house were built by a contractor, it would cost about $3,500.

Mr. GILLIS: But there is no contractor. Each group does its own work. A man digs his foundation and puts in his concrete. He may spend four or five months in studying things out before undertaking construction. Everything is installed by the men—the furnace, radiation and so forth. I understand that the labour cost on any building is about one-third.

Mr. ILSLEY: That type of house would not come within the class mentioned by the hon. member for Brantford City, who referred to a house costing about $3,000. The material cost ordinarily is about 50 per cent of the value of the house.

Mr. GILLIS: If a contractor were to erect this house, I would say that it would cost about that. The house has a six-foot basement and is completely equipped with modern conveniences; yet, because of this cooperative effort, the total cost is only $1,800.

Mr. FRASER (Peterborough West): On Saturday I was speaking to a gentleman who said that he was putting up eight houses in Toronto and was figuring on a profit of $220 on each house. These houses will sell at about $3,500, but this profit covers his time and everything else.

Mr. ILSLEY: We were talking about the proportion that the cost of materials bears to the cost of the house, and I am informed it is about 40 or 50 per cent.

Mr. FRASER (Peterborough West): The minister said that the tax would be 20 per cent less on account of its being imposed upon wholesale prices. When a man buys materials he will receive 20 per cent less for his money because the retailer will have to take his profit on the eight per cent tax; when a man buys from him he pays eight per cent, not only on the material but on the labour.

Mr. ILSLEY: I did not intend to get into an argument over prices, because that has nothing to do with the principle. Hon. members have been talking about houses costing $2,500 and $3,000 and have been saying that this tax will amount to so much. If a house costs $3,000, and 40 per cent is the material cost, that would amount to $1,200.

Mr. FRASER (Peterborough West): Sixty per cent would be material.

Mr. ILSLEY: My information is that 50 per cent is about right, which would be $1,500 based upon the retail price. Twenty per cent off that would make it $1,200, and the tax at eight per cent would work out to $96. It should not be said that the tax would be $200 or thereabouts when it is not anything like that.

Mr. ROEBUCK: The hon. member for Acadia (Mr. Quelch) expressed regret that some hon. members of this house were forced by some compulsion to vote against their conscience. If that be so, I have not noticed it. I realize that I have not been as long in the house as some have, but as yet I have not noticed any compulsion of that kind. The hon. member for Acadia was a little severe upon those who may vote for this measure notwithstanding the arguments which have been advanced against it. There is a compulsion upon hon. members on this side of the house which is greater than that imposed upon hon. members on the other side. Hon. members on this side are responsible, through the committee of council which they support, for the carrying on of the war effort. It is true that members of the opposition also have responsibilities in that regard, but not in the same intimate way.

Mr. HANSON (York-Sunbury): That is a new theory; we all have equal responsibility.

Mr. ROEBUCK: I am glad the hon. gentleman feels that he has a responsibility. I wondered sometimes whether that responsibility was realized. Perhaps it should be there, and to that extent I withdraw my remark. There rests, however, upon the shoulders of hon. members on this side of the house who support the administration, a responsibility which others may claim if they so desire. What is the compulsion? It is the compulsion resting upon the Minister of Finance to provide the funds with which to carry on this war effort. It is the belief of members on both sides of the house, with some few exceptions, that this money should be raised by the orthodox and traditional methods of taxation which have been in vogue in this country for a number of years. Some hon. members do not always realize their evil effects. I hold a certain view in connection with these methods of taxation, which increase the cost of living, check production and tend towards poverty among our people. I am not alone in holding that view, but perhaps I have expressed it more frequently than some others. One of the most objectionable taxes we have is the sales tax. I think it is perhaps a little less objectionable than tariff taxes, but it is a destructive tax on business, one which checks building, checks buying, increases the cost of living and tends towards poverty. Therefore, if this house and the Minister of Finance could see their way to raising the revenue in some other way, I would be happy.

An hon. MEMBER: How would the hon. member raise it?

Mr. ROEBUCK: I was going to ask that question of the hon. member for Rosetown-Biggar. He says that he wishes the burden placed somewhere else, and I think he should have proceeded to tell us where.

Mr. COLDWELL: I have done so a number of times.

Mr. ROEBUCK: Then perhaps the hon. member and I will agree that less destructive forms of taxation might be adopted. I do not, however, think we are in a position at this moment to adopt those methods, and therefore we are faced with the necessity, if we are going to get the money, of adopting some taxation of this kind which, in my judgment, is objectionable.

The hon. member for Halifax (Mr. Isnor) took exception to the statements made by the hon. member for Rosetown-Biggar with reference to the deplorable conditions existing in the city of Halifax. I say "deplorable"; he did not. I do not know the conditions; but I do know this, that the hon. member for Halifax was perhaps unduly sensitive about the conditions which were revealed. It is true that if you pass through the better part of Halifax or any other city you would not see the deplorable conditions, and unfortunately that is what we have been doing for many a day—we have been passing by on the other side. If the hon. member for Halifax wishes to object to the statements made with regard to slum conditions in his city by the hon. member for Rosetown-Biggar, I think he desires to place his city in a category alone by itself because all the cities that I know have conditions of that kind existing. Perhaps the best thing that

the hon. member for Parkdale ever did—I will not say the best thing he ever will do, because he is a young man yet—

Mr. BRUCE: Thank you.

Mr. ROEBUCK: It was a splendid thing he did when he headed the housing committee which inquired into conditions in Toronto. I was in office at that time, and I think the hon. member for Parkdale will credit me with having given all the assistance I could to the examination into building and housing conditions in our city.

Mr. BRUCE: You did.

Mr. ROEBUCK: I shall read just one paragraph from that committee's report:

> Our survey of Toronto housing conditions reveals that there are thousands of families living in houses which are insanitary, verminous, and grossly over-crowded.

Mr. HANSON (York-Sunbury): Thousands.

Mr. ROEBUCK: Yes, thousands, and thousands is correct. There are somewhere about 150,000 housing units in Toronto.

Mr. HANSON (York-Sunbury): I beg pardon; I thought the hon. member was referring to Halifax.

Mr. ROEBUCK: And thousands is not wrong in the light of that sentence I have quoted. I know from personal knowledge of my city. The report continues:

> The committee confidently estimates that the number of dwellings which for these and other reasons constitute a definite menace to the health and decency of the occupants is certainly not less than 2,000 and may be more than 3,000. In addition there are probably half as many houses again which, while not in the same sense menacing, nevertheless lack the elementary amenities of life.
>
> Bad houses are not only a menace; they are active agents of destruction. The committee is satisfied from its investigations and inquiries that they destroy happiness, health and life. They destroy morality and family ties. They destroy the basis of society itself by their destruction of self-respect and their promotion of delinquency and crime.

That committee examined as many as 1,332 dwellings, and their summary shows that 96 per cent, not of all dwellings but of those 1,332 dwellings, fell below the minimum standard of amenities; 75 per cent of those dwellings fell below the minimum health standard, and 55 per cent of them were verminous. There is nothing that can be said on the floor of this house in criticism of the housing conditions of our cities which would be extravagant or overstated. And, Mr. Chairman, the finest excuse for this tax which I have yet heard voiced from the floor of this house is that it was designed for the purpose of stopping building. That was the expressed purpose of the Minister of Finance.

Mr. HANSON (York-Sunbury): Large building.

Mr. ROEBUCK: No; I do not think so. I think the minister went all the way because the tax goes all the way—8 per cent. I congratulate him upon not increasing the sales tax. I cannot congratulate him upon the extension of the sales tax, for it has for its purpose the stopping of building as well as getting the money. The minister, as I gathered from reading his speech, seems to have realized that taxes of this kind do destroy enterprises of this kind. I take it that the tax is temporary, and that it will be removed as soon as the drastic need for money is passed or some other and better and less destructive form of taxation can be adopted by virtue of public opinion at large and by public opinion in this house. Therefore I am hoping that this tax will disappear just as soon as the need for the money has gone by. I am not going to vote against this tax, much as I dislike it, because I realize—not that I am compelled at all—that it is necessary to support the administration in the measure which they have adopted, no doubt after considerable consideration, to raise the necessary money to carry on the war.

I want also to congratulate my fellow-member, the hon. member for Brantford City. If it were within the range of possibility, in view of the problems that he faces, for the Minister of Finance to ameliorate this tax, even in its temporary form, on the lower housing units, I am sure that it would be accepted by all members of this house with pleasure and satisfaction. I realize, however, the difficulty in so doing. It is a sales tax. It is not a specific tax, and you cannot make fish of one and flesh of the other without practical administrative difficulties.

There is this further point I wish to make in connection with the tax. A tariff tax obstructs the business of the country.

Mr. MacNICOL: It does nothing of the kind.

Mr. ROEBUCK: Why, of course it does.

Mr. MacNICOL: I have seen a business grow, under a tariff, from thirty-seven employees to 925.

Mr. ROEBUCK: Yes. You can grow bananas in this country under those conditions. I am not going to debate —

Mr. MacNICOL: You cannot do any such thing. You cannot grow bananas in this country.

Mr. ROEBUCK: I have been delighted with the type of argument addressed to a taxation measure which I have heard from the opposition, and I hope that if they ever take office they will remember the things they have said, which are contrary to the kind of debate that went on in years gone by.

Mr. HANSON (York-Sunbury): What about sugar?

Mr. ROEBUCK: The tax on sugar?

Mr. HANSON (York-Sunbury): Yes.

Mr. ROEBUCK: Well, of course, I do not like that type of taxation.

Mr. HANSON (York-Sunbury): But the hon. member will vote for it.

Mr. ROEBUCK: I am going to vote for it because I cannot help it.

Mr. HANSON (York-Sunbury): Go back to 1933 and see what your leader said about it.

Mr. ROEBUCK: He did not like it. Of course he did not like it. We, no doubt, will abolish it as soon as the Minister of Finance can get money other ways.

Mr. HANSON (York-Sunbury): Oh, yes! They did not abolish it in 1935. There was no war on then.

Mr. ROEBUCK: No; but there was a Tory opposition which no doubt supports that kind of taxation, not in its particular items, but in the main.

Let me finish the point so far as housing is concerned. A tariff tax, as I said, destroys the business of the country. Hon. members will find that that is so.

Mr. MacNICOL: Your temporary deskmate, the hon. member for Brantford City (Mr. Macdonald), does not agree with you.

Mr. ROEBUCK: Well, that is all right. My hon. friend can make a tariff speech some day, and I will answer him with a free trade speech, or a freer trade speech. But we are not discussing that now.

What will be the result of this tax? In the first instance it will increase the cost of materials which go into a house; how much, I leave others to debate; but there will be an increase, and to that extent it will make the building of houses more difficult and costly.

There are two items which enter into costs of houses. First, there is the cost of the land, and, second, there is the cost of the building. The building costs are determined by such items as these.

Mr. HANSON (York-Sunbury): That is deep stuff!

Mr. ROEBUCK: Taxes and so forth are all added to the cost of the house. The cost of the land is what the owner can get. Is that not true?

Mr. HANSON (York-Sunbury): Yes; this is deep stuff!

Mr. ROEBUCK: My hon. friend the leader of the opposition has made many speeches to which I could refer with sarcasm, but I have never yet interrupted him, and I do not think a statement of that kind by him in this chamber is becoming.

Mr. HANSON (York-Sunbury): I am sorry.

Mr. ROEBUCK: All right. Then I withdraw what I said.

Mr. HANSON (York-Sunbury): Carried.

Mr. ROEBUCK: Unanimously. The two costs are, first, the cost of the house and, then, the cost of the land. The cost of the land is what the owner can get for it. The increased cost of the buildings will for a while check building, but the final effect will be that the land-owner will take less for his land, and building will go on.

Mr. FRASER (Peterborough West): He is not getting much for his land now.

Mr. ROEBUCK: In my opinion he is getting too much.

Mr. FRASER (Peterborough West): I know of lots which are sold for $25.

Mr. ROEBUCK: The hon. member for Parkdale got nowhere with his building project. Why? I do not know whether he will agree with me in this statement, but practically every building project we ever had was ruined by the rapacity of the landlords.

Mr. BRUCE: My view is that municipal taxation had a great deal to do with it.

Mr. ROEBUCK: Yes, perhaps.

Mr. BRUCE: Very high municipal taxation.

Mr. ROEBUCK: Yes. There was too little on land values. What will happen is that, if this tax continues until adjustment takes place, there will be a decrease in the price which the owner of the lot can hold out for, and probably building will continue. That will apply, partly, if not wholly,—check for a while, a readjustment, and I hope building will continue. I also hope that in

due season the Minister of Finance will report that this tax has been removed, is out of the way.

Mr. BLACKMORE: I wish to say a word about this item before it passes. I believe it is necessary for the committee and the minister to bear in mind that we are concerned not only with raising money but with maintaining morale. There are at least three things which are necessary to the maintenance of morale. One of these, which already has been referred to several times, is health. Another is the cost of living. Yet another is the cost of production. This tax will affect disadvantageously our Canadian economy in all three of these respects.

I believe that it will be quite in order, and it may interest the committee, if I read a letter which I have received from the International Union of the United Automobile Workers of America, district council No. 26 of Ontario, dated May 20, sent from Wyandotte street, Windsor, Ontario. Long before we finish this war we shall have to take carefully into account the effect of our acts upon our labour unions and upon our working people generally. I shall leave out the address:

Dear Sir:

Attached is a copy of a resolution which was passed by District Council 26, UAWA-CIO, on March 30 and since adopted by all UAWA-CIO locals in Canada.

We respectfully ask that you give your utmost support to this resolution.

Yours truly,

John A. Taylor,
Secretary pro tem.

To me that has an ominous significance. Here is the resolution:

Whereas: the rapid expansion of industry and the resultant demand for labour in the various industrial centres has caused an acute shortage in housing, and

Whereas: this shortage in housing is causing an overcrowded and unhealthy condition which will result in the development of disease and general epidemics, and

Whereas: this problem is an immediate one and if neglected may seriously hinder the war effort, and

Whereas: the dominion government is contemplating the spending of huge sums of money on projects such as the St. Lawrence, whose benefits will not be felt for years to come, and which government spending at this time will cause dissatisfaction among the people,

Be it therefore resolved:

That we, this District Council 26, of the United Automobile Workers of America, demand that the government immediately launch an ample and effective housing programme in order to adequately meet this serious crisis that is developing in housing.

May I, quite calmly, draw the minister's attention to the fact that the letter states that that resolution has been passed by every local throughout Canada? May I also draw his attention, very sympathetically and firmly, to the fact that, not only is the government apparently taking no steps to institute a housing programme, but the minister is proposing a tax which will have the very opposite effect on housing conditions?

Mr. ILSLEY: As the hon. member knows, there is a housing programme. There is the war-time housing programme.

Mr. BLACKMORE: Would the minister say that this programme would offset the deleterious effects of this tax?

Mr. ILSLEY: I do not admit that the tax will have deleterious effects.

Mr. BLACKMORE: The minister has established a reputation in this chamber for several characteristics during this debate, and now the characteristic of optimism comes out. I am afraid the minister is unduly optimistic about the tax. No further comment is necessary on the evil effects which this tax will have on people generally throughout the country, the poor people, those in the lower-income brackets, the sort of people who will save for two years in order to put on a front-door protection. I wonder how many members have been in that class, the class to whom it is a thrill just to put a verandah on a little shack. There are too many people in that class in Canada, and they are not looking with any degree of optimism upon the minister's proposal to impose this sales tax.

I wish to deal briefly now with the effect which the tax will have on the farming population. While I represent an urban population, I also represent, in the main, farmers. This year, I fancy, a great many bins will be necessary all over western Canada. Many people will grow wheat notwithstanding the desperate efforts of the government to reduce acreage. They will grow barley and oats, and they will require bins. The amount which will be added to the cost of farmers' bins by the discontinuance of this exemption is a matter that deserves careful consideration. The hon. member for Cumberland referred to the need for the reconstruction and repairing of barns. There is a great need for repairing barns throughout the west, wherever I have been. If farmers have not been able to do anything in the way of repairing buildings all through these wearisome and desolating depression years, now when they might be able to recoup their losses and make good the depreciation they are forbidden by taxation like this. How long will the farmers continue to have buildings

on their farms? I do not wish to labour this matter, but I do not want to point out that this little item will add to the costs of production for the farmer.

Before closing, I would refer to another matter which should affect the minister, and I believe it does. I have great respect for his application, intelligence, understanding, and all these fine qualities, but I wish to point out to him a fact which I have mentioned in debates at which he might not have been present, that the cost of living of the western farmer has increased since 1913, according to the Searle report, in these proportions. In 147 items which the western farmers buy, the cost has risen from 100 to 145; it was 100 in 1913-14, and it is 145 now. In so far as our farmers are carrying on and trying to live, they must buy these commodities and contrive to pay for them, and they must contrive to pay that 145 as against 100 which they paid in 1913-14. While they are endeavouring to do that, a gasoline tax is added; the sales tax is applied to lumber; they are discouraged from producing the quantity of wheat they ordinarily do, and they are unable to sell wheat for the cost of production. Hon. members need only put themselves in imagination in the position of the farmer and ask themselves whether it is wise, even for revenue, to apply this measure to the lumber which farmers buy. I protest against it.

Mr. MACDONALD (Brantford City): Will the minister say whether the National Housing Act will be amended so as to raise the $2,500 to $3,000 and allow the 90 per cent?

Mr. ILSLEY: I did not reply to the hon. member's suggestion because I did not realize from the manner in which he spoke that he expected an answer now. It was not because I did not appreciate the tone and spirit of the suggestion. I hesitate about making a speech on the whole situation for fear I shall start another round of speeches which might take all evening. I hesitate, but not because the government considers that it has no good reasons. It has good reasons. It is of opinion that most of the building which will be discouraged by the tax, if any volume of business is discouraged—and probably some will be—could far better take place in the immediate post-war period than now, when our object should be to devote our resources, material and human, more directly to the prosecution of the war than we should be doing by building homes and improving those that we have.

There may be instances where improvements are urgently needed, instances where the building of some homes is urgently required. With regard to the latter, the programme of the war-time housing corporation takes care of the situation so far as the housing of workers for war-time industries is concerned. I am of opinion, however, that to permit this exemption to continue at a time like this would do more harm than good. The object of our governmental activities is not now primarily to improve the conditions under which our people live. Our peace-time thinking is likely to carry over into the period of war. Members of parliament would naturally like to see their constituents as comfortable and prosperous as possible, but I say again—and it may sound odd; it may sound as if we have not an adequate sense of responsibility—that the prosperity of our people, their material well-being, their comfort and convenience—perhaps I should leave our the word "convenience"—and so forth, is not the primary consideration at the present time. There should be no want or unemployment, but there should be none of that comfortable type of prosperity which is associated with a boom. I wish to make it perfectly clear that this is the policy of the government, whether or not that policy is attacked; I do not wish to make any bones about standing on that.

It was for these reasons, Mr. Chairman, we considered that this exemption should not be continued. It must be remembered that if building materials had not been removed from the list of taxable items, as they were in the spring of 1938, we never would have had this debate at all; it never would have occurred to any hon. member that they should have been removed at this time. Building materials were always taxable, even during the depression years of 1932, 1933, 1934, 1935 and 1936. It was not until 1938 that we took building materials out of that list, in order to meet the unemployment situation; and the reason for removing building materials from the list of taxable items has now disappeared. The hon. member for Saskatoon City says that there is some unemployment on the prairies, but generally speaking there is no unemployment situation in Canada to-day. As a matter of fact, Ontario members from rural constituencies have risen in their places one after another and asked if we realized how hard it is for farmers to get help on their farms. There are wide areas in Canada where the problem is not one of unemployment; the trouble is to get people to do the work. Under those circumstances we are not in favour of policies which will promote building that may very well run into excess building, which could far better be done in the period immediately after the war.

Those are the reasons for this policy. There will be some instances where somebody may desist from building when that building would

be a good thing, everything considered, but those instances will be only a very small percentage of the total number affected. It is impossible to frame taxes that will apply with precise equity in 100 per cent of the cases, but I am satisfied that this tax will substantially meet the requirements of the situation.

With regard to the question of the hon. member for Brantford City, unless the government is prepared to introduce an important amendment to the housing act this session—which I must say is not on the sessional programme—the limit will have to remain at $2,500, because that is statutory. It is a matter for consideration as to whether that limit should be increased, but I am afraid my answer to the hon. gentleman will have to be that it will not be increased this session.

With regard to the other suggestion—and I am sorry he has put me in the position of having to turn down his suggestions—that we exempt building materials from the tax in so far as they go into low-cost houses, I am advised that it would be impossible to trace the materials. The administrative difficulties would be so great that the suggestion could not be favourable considered.

Mr. ROSS (St. Paul's): Would the minister say just a word about repairs? I suggest that the tax on repairs was rather unfair, and might cause rents to be increased in some instances.

Mr. ILSLEY: You could not follow the materials into the repair jobs.

Mr. HANSON (York-Sunbury): Oh, it could be done.

Mr. ROSS (St. Paul's): There is no doubt that the margin of rentals in certain places is so close at the present time that this tax may have some effect. At least it will provide an excuse for raising rents. When I was speaking about the Toronto Housing company I neglected to mention that for many years the shareholders of that company received no dividends at all. As a matter of fact, they have had hardly any return on their money.

Section agreed to.

On section 20—Nicotine.

Mr. STIRLING: Would the minister explain this change?

Mr. ILSLEY: Sections 20, 21 and 22 are consequential upon tariff changes. They are simply to bring sales tax items into conformity with certain customs tariff items which have been amended, either this session or, in one instance, last session.

[Mr. Ilsley.]

Section agreed to.

Sections 21 to 28 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. SPEAKER: When shall said bill be read the third time? Now?

Mr. POULIOT: No, Mr. Speaker. When this bill was in committee I was called to order by the chairman when I attempted to discuss the Bank of Canada and other matters. I do not wish to obstruct this bill, but I should like to know if there will be any opportunity to discuss the Bank of Canada in general and the foreign exchange control board in particular. Up to now it has been impossible to touch these people. When the matter is brought up in committee the chairman says we must adhere strictly to the rules. It is only under the shadow of the Chair—I mean the big one—that there is the real freedom of speech that I expect in this house. I do not wish to oppose the third reading of this bill, provided I have an opportunity some time to discuss these other matters.

Mr. ILSLEY: On one of the finance estimates the hon. gentleman will be given an opportunity to discuss the operations of the foreign exchange control board, if that will be sufficient for his purposes.

Mr. POULIOT: And the Bank of Canada?

Mr. ILSLEY: The Bank of Canada is not a government department; it is a separate organization, whose directors are nominated by the government. I should not like to give any undertaking about the Bank of Canada, except as far as the hon. gentleman can relate anything he would like to say about its operations to the discussion of the foreign exchange control board, which is an agency of the Department of Finance.

Mr. HANSON (York-Sunbury): On the administration item under finance would there not be an opportunity to discuss any corporation or board controlled by the government? Surely there must be that opportunity somewhere.

Mr. ILSLEY: I will go as far as I can on the matter of the Bank of Canada, but I do not think I would agree to a discussion of the policies or internal administration of the Bank of Canada, because it is a separate organization.

Mr. BLACKMORE: Do I understand the minister to say that the Bank of Canada is not directly under the control of the Department of Finance?

Mr. ILSLEY: Correct.

Mr. BLACKMORE: That it is independent of the finance department, and therefore independent of this house?

Mr. ILSLEY: Correct.

Mr. BLACKMORE: Independent of the administration, too?

Mr. ILSLEY: Well, Mr. Speaker, I do not know what stage we are at, but the Bank of Canada is a separate organization, just like the Canadian National Railways or the Canadian Broadcasting Corporation. These separate corporations are owned by the government; in the case of the Bank of Canada the stock is owned by the government and the directors are nominated by the government, but once the directors are appointed, I have no right, nor has the government any right, to dictate to the Bank of Canada as to what its policies shall be.

Mr. HANSON (York-Sunbury): I distinctly dissent from that proposal, that in all these government-owned organizations parliament has lost control. That is distinctly not true in connection with the Canadian National Railways; and it must never be the accepted principle in this House of Commons or in this Canada of ours that any of these boards set up by the government as public agencies shall never be referred to in this house. I wish to register a protest against that statement of the minister.

Mr. SPEAKER: Order, please.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ILSLEY moved the third reading of the bill.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, this is a good time to remind hon. members of certain views which have been expressed about taxation. There is across the boundary line a gentleman most favourably known over there; I am referring to the under-secretary of the treasury, Mr. Hanes of Washington.

I have in my hand the magazine section of the New York *Times* for April 9, 1939—over two years ago—and I find contained therein some of the views expressed by Mr. Hanes, a gentleman who had had practical experience before he attempted to apply his theories to the business of the country. This is what I find in the New York *Times* magazine:

There emanated from the treasury a series of suggestions, all with the Hanes stamp on them, to reduce the number of tax levies upon corporations in the interest of getting money to work; to lay out a "five-year plan" of taxation so that business could know, for a time at least, what to expect;—

That is very important.

—and to eliminate all tax exemptions on future securities and salaries of federal, state and local governments.

Then it continues:

All the while Mr. Hanes continued to preach cooperation—between government and business, between industry and labour, even between labour and labour. "Our country is highly interrelated," he told this interviewer, "and we must all go up or down together. We must respect each other's ideas; even those we like least may sometimes give us a valuable idea if we grant the right to speak freely."

Note the words "if we grant the right to speak freely." It continues:

"We don't want any suppressed or persecuted group in this country. For my own part one of the things I work at hardest is my trusteeship in the Hampton institute for improving the lot of the negro,—"

I may point out that the Hanes family came from the south, and secured the help of negroes to establish their fortune. It continues:

"—and I realize that no matter how hard I work I can never repay more than a fraction of what the negroes' labour did in building up the Hanese in the south."

Then Mr. Hanes is quoted as follows:

"Material, economic recovery," he said, "is the first problem in this democracy. In those parts of the world where democracy has been forced to give way to one-man government, it has come about when the economic condition of the people was unbearable."

Let us not forget that.

"One of the most important economic movements to-day is remedial federal taxation that will make for recovery."

Then the article continues:

What of Mr. Hanes's philosophy of taxation? Would he say that he was against using taxes to effect reforms, and for regarding taxes solely as a means of getting money to run the government? The question, he found, was hard to answer in that form.

"The matter of ability to pay is fundamental to our tax system," he said. "We have to start with that. Then we have to admit that all taxes, of any sort, have social repercussions upon our economy and on individuals. But I do not believe in setting out to write a tax bill to do by indirection what you dare not do by direction."

That is very aptly put.

"The motive for any tax, whether for reform or anything else, should be made clear to congress, which will then be in a position to accept or reject. In a democracy the people are trusting their public servants and should not be deceived."

That is another very good thing.

"I believe," he said, "that the treasury will collect a larger total of tax dollars with a tax

bill that takes into broad consideration the effect of the dollars it will leave the taxpayer for expansion and development than it will by concentrating on the highest possible dollar it can extract from the business, profession or occupation of the taxpayer."

Mark you, sir.

"In other words, what is left to the taxpayer is as important to the country's economy as what is taken from him.

"The point is that, in my judgment, harsh or deterrent tax laws do not produce the maximum flow of revenue. I firmly believe that the one way to lighten the load of to-morrow is to adjust in fairness the load of to-day."

That is one of the wisest presentations on taxation I have seen. Of course someone will tell me that that was written a few months before the war.

All right; let me now quote from a Canadian publication known as *Canadian Business*. In the April, 1940, issue of this publication I find a worth-while article written by no less a person than Mr. C. Fraser Elliott, K.C., income tax commissioner for Canada. The article has been summarized in a frame in the middle of the page. This summary is contained in a few brief sentences, and is headed "Highlights". I assume every hon. member has seen the article, because the magazine has been sent to us free of charge, and it is worth reading. The boxed-in portion of the article is as follows:

Highlights

Tax Administrator and taxpayer have a common interest in:

1. The minimizing of taxation's detrimental effects.
2. A simplicity in tax laws.
3. The encouragement of profits.
4. An absence of wilful evasion.
5. The minimizing of administrative difficulties.
6. An avoidance of tax discrimination.
7. A cooperative effort to finance the war efficiently.

That is concise and also sensible. The difference is mainly in phraseology; the meaning of what Mr. Hanes and Mr. Elliott said on two different occasions is about the same. As I say, about the only difference is in the expression. One was written before the war; the other, several months after the war had started. It is written by a Canadian who is more familiar with our problems than the average citizen. In February last, no less a man than Mr. P. D. Houston, president of the American bankers' association and chairman of the American National bank of Nashville, Tennessee, made an important statement at a convention which took place in Chicago on February 12. I have the reports of the New York *Herald-Tribune* and the New York *Times* of February 13. Of course his remarks apply to the United States, but I should like to quote this report as follows:

Banking aid urged in defence orders.
Government credit now will lead to dependence later, P. D. Houston declares.
Business challenge seen.
Any failures will be blamed on trade by "alibi boys" head of the A.B.A. says.

We have a lot of alibi boards. I wonder what is the responsibility of these men in the United States? Here they are irresponsible. It is impossible to say anything about them. May I read a letter which I wrote to the Prime Minister (Mr. Mackenzie King) in connection with the matter of free speech in the house. It is to be found on page 4599 of *Hansard* of May 26, 1939, and I am asking that it be placed again on *Hansard*. I think it should be placed on *Hansard* at every session in order that we may have free speech in this house. It reads:

My dear Chief:

Referring to your remarks at page 1862 of *Hansard* of March 14, you stated that you did feel that, as leader of the House of Commons, it was part of your duty to see that members of the public service "who are not in a position to speak for themselves during the course of debates which take place in this house, should be protected against any remarks in the nature of a reflection upon themselves".

The suggestion that the wrongdoings of public servants cannot be discussed in the house was at first an invention of the Ottawa papers which cater to the public service and it was brought to the house in the first place by the members of the C.C.F. party to prevent any exposure of their own friends in the service.

I submit respectfully that according to British parliamentary practice, every civil servant is represented in the house by the head of his department. Therefore, as you stated that you were the last person in the house who would wish to curtail in any way my freedom of discussion, I have the unquestionable right of expressing my opinion about any civil servant who cannot sit in the house and be present there because he receives an emolument from the crown. The minister is there to take cognizance of and answer any complaint made by any member of parliament. If the minister is familiar with the matter, he may answer at once; if not, he shall take note of what has been said and give an answer in due course.

Some ministers assume that they always have to take the side of all civil servants in their departments, even when some things have been done against their own instructions or outside of their own knowledge. It seems all wrong because it is an incitement to civil servants to do worse, as they can rely upon their minister's continuous defence to consider themselves unimpeachable, except perhaps when they have been found guilty of a criminal offence.

You went further in objecting to the "references to their personal history such as the hon. member I gather was about to make".

It is pretty hard on a member to object on a guess on what he is going to say. For your information, I must tell you that what I intended to show was the record of experience of the deputy minister of finance, to which your predecessor had vaguely referred but which he, himself, had conspicuously hidden. I agree with you that "members of the public service

have to look to the administration for protection in the discharge of their duties", but on the other hand, it is the duty of members of parliament to inform the government on everything they find wrong in the civil service, in order to secure a possible improvement.

For the above-mentioned reasons, I regret to have to disagree with your statement that "if deputy ministers or leading public officials or any members of the public service are to be attacked here, in justice to them they should have the right to make reply on their own behalf from wherever they may happen to be".

They are entitled to no right of reply to what is said by members of parliament, but it is the duty of the minister concerned to reply, in his capacity as head of the department.

Again for the above-mentioned reasons, if the method which you have suggested "were to be adopted with regard to the conduct of our public affairs I am afraid the public service of the country could not be carried on in the manner in which the country has a right to expect it will be carried on". I want you to understand clearly that I did not intend to bring "personal matters" in the debate; my intention was solely to tell the house about the record of experience of a man who is mainly responsible for the blind and bold dictatorship of the finance department in dominion government.

Standing order No. 41, speaks for itself:

"No member shall speak disrespectfully of his majesty, nor of any of the royal family; nor of the governor or person administering the government of Canada; nor use offensive words against either house, or against any member thereof."

It makes no mention of anyone in the civil service.

My intention was not at all to attack you nor your colleague of the finance department, but to inform both of you on matters of public interest which are purposely kept in the dark by those concerned.

The first duty of a member of parliament is to inform the government on what he considers of public importance, and it is only after he has done so that he may be justified in attacking the ministers concerned, in case no action is taken to redress the wrong which was complained of.

I would not feel myself "justified" of "attacking" any cabinet minister for anything done outside of his knowledge by anyone in his department, unless such minister were previously informed about the facts and where is it to be done elsewhere than in the house?

Then you said I was "quite within (my) his rights in bringing to the house anything at all in connection with the attitude of individual civil servants", etc.

The competence and qualification of any civil servant are even more important than his attitude and how can they be rated if their record of experience is to be left outside the picture?

I am just reading the wonderful biography of your illustrious grandfather who was a champion of free speech and I hope that all the sacrifices that he made during his lifetime for the freedom of speech in the legislative assembly were not made in vain and that we have not regressed a century backwards, to the time of the "family compact". Otherwise, it would be just as well to suppress parliament.

Faithfully yours,

Jean François Pouliot.

What I find strange is that instead of giving us the information about Canadian affairs for which we have been asking so long, the Bank of Canada gave us information about German finance, described the way in which Germany was financing the war and pictured Hitler as a great financial hero. It seems to me that, as this war proceeds, our main business is to know how much the Canadian citizen can pay in the prosecution of the war, what taxes are being collected from him and what taxes can be collected with a view to creating the least possible disturbance in finance. Those are my humble views about taxation, and I hope, sir, that I shall not be considered too hard when I say that I find Mr. Towers' dissertation on German finance in the annual report of the Bank of Canada both uncalled for and ridiculous at this time. I am not going to read it here; I have no time to waste. I will just draw the attention of my hon. colleagues in this house to the fact that it can be found in the *Canada Gazette* of February 13, 1941.

Exactly two years after the interview with Mr. Hanes, published in the New York *Times*, an interesting article appeared in the Toronto *Daily Star* of April 9, 1941. The heading on the article reads, "Pictures Canada as richer after war—Poorer too, greater resources, skill, fewer material things, Professor predicts--Saddled with debt." The article reads:

In the aggregate Canada will be richer after the war than she ever has been before, Professor J. McCurdy of the department of philosophy at the university of Toronto told members of the So-Ed club of the Central Y.M.C.A. last night.

"Canada will have greater resources and vastly more still both among trained workers and leaders in statesmen, in administering a bigger business in social ownership," he declared, "but distributively Canada will be poorer. There will be more cash in the pockets of the workers and less in those of the middle class and salaried workers. We will be poorer in material things—fewer new roofs on houses, fewer replaced cars and clothing that we wear longer."

It is precisely the middle class which is contributing its money in taxation to finance the war. Everybody is ready to contribute his share of taxes, provided that the money is well spent and provided that accounts are furnished to the people. It is to my great surprise that the accounts are incomplete. There are, of course, no regular estimates for the war departments; as was pointed out earlier in the session, the reports of the auditor general are incomplete, and therefore it is impossible to get information on where the money goes. "It is a war secret", and so on. These fellows are there, and it is impossible for members of parliament to check them and to give fruitful advice to the minister

although we are always willing to do so. They make it impossible for us to cooperate with the minister, and what are they? They are pictured as angels; they are pictured as saints; they are pictured as experts, and they are pictured as the only saints and the only experts in this country. We have to listen to them. We are willing to help, but we cannot help because of that.

Yesterday I took the trouble to go home, covering a distance of 800 miles, just to speak in favour of the victory loan and to encourage my people to subscribe to it. On the other hand, I said to them, "I am suggesting that you subscribe to the victory loan, but when I get back to Ottawa I assure you that I will scrutinize all expenditures even more closely than I ever did before. I will scrutinize them with a magnifying glass. I have urged you to subscribe to the victory loan, and you are entitled to full information as to how the money is being spent." There is no possible reason why this information should be refused to members of parliament, and the leader of the opposition (Mr. Hanson) was absolutely right in what he said just before the recess. There is no possible reason why anybody who is employed and paid by the government should hide any kind of expenditure, and there is not a single Canadian citizen outside this house who would ever submit the contrary. The suggestion would be absurd.

On the very same day, April 9, 1941, the Toronto *Daily Star* had another article headed, "Supply Department soon to spend $5,000,000 daily. Has placed total of $1,500,000,000 in war orders in year's operations. Birthday review." But again no information.

I told my electors at home yesterday that I was in favour of the victory loan but, on the other hand, that the best way to get large subscriptions to the loan was to give members of parliament the information for which they asked. Hide nothing. Put all the cards on the table. That is what I am asking on behalf of my people, and I am sure that that can be said for every constituency. I have the utmost respect for the Minister of Finance (Mr. Ilsley). I have told him repeatedly that I have confidence in him, but I have lost confidence in the experts placed round him because they have been placed there by a man who was supposed to have converted John Strachey and Trebistch Lincoln. The former was considered so crazy that he was deported from the United States. Even with a letter of recommendation from R. B., the latter was again deported from England. It is that man who has shown such good judgment in the selection of his good friends, Trebistch Lincoln and Strachey, who infested the civil service with cranks who are still there and who are a curse to the country. I may be considered sacrilegious for saying this. It is time for us to wake up. It is time for us to do what William Lyon Mackenzie did, and fight for responsible government. I sometimes hear some ministers say "We have assumed a great responsibility." It is no ministerial responsibility at all. It is done as a matter of course. They are there in those posts, and they have to take action. That is not ministerial responsibility. Ministerial responsibility is the rendering of accounts for every cent that comes from the taxpayers' pockets. Everyone knows that is ministerial responsibility.

One other thing. It is even suggested that in time of war we should not discuss in the House of Commons or in committee matters of sentiment, that we should have the kind of speech that Isaac delivered when he was going to be burned as a sacrifice. Isaac was there ready to be cremated, offering himself as a sacrifice. It should not be that at all here. In the House of Commons we must have the spirit of fighters, the same spirit as the soldiers have on the battlefield, not that of prisoners of war in a concentration camp. That is my humble view. Moreover, instead of considering matters from the point of view of sentimentalism, we should be able to reason about them. To do that, we must have information, and no one can deny us information which is due to us. Of course, sometimes hairs are split very fine. What is said to us is not a lie; it is not a distortion of the truth; it is not even a fib; it is a kind of juggling with the facts. Information given to us must be plain, complete and accurate, and the accounts given us must be such as we can understand. That has not always been the position here. I have had to teach some of the officials of the service how to do their work; it was much the same as teaching a professor how to spell. I say again that there are numbers of people who think they can read and write and who do not know even their alphabet, but so long as they wear a mortarboard they are experts and geniuses.

Here is another clipping from the same paper, the Toronto *Star* of April 9, 1941:

> Credit account may be set up to aid Canada. Forecast King, Roosevelt, to plan closer cooperation between nations. Lease munitions?

This is interesting. We are on good terms with the neighbouring republic, and that fact may mean a great deal to us. The committee may remember that the member for Témiscouata was one of the first to advocate an alliance with the United States. The Prime

Minister told him that it was not the time to speak of that; that it was dangerous; that he was hurting the whole show by suggesting that he was in favour of an alliance. Then, I remember, my friend the hon. member for Leeds (Mr. Fulford) also spoke of it the same day in August of last year. We did that because we consider that, when we have a powerful neighbour next to us, we must be on good terms with him. Occasionally we need his help, and we must have it. But that does not mean that we must copy from him all that is bad; we must copy from him only what is good.

My last remark is that we should not consider taxation as though the war were being lost. We are all determined to win the war, but taxation must be related to our needs. At the present time taxation is just the same as though the deluge were coming to-morrow —"after us, the deluge." Taxation should be clear, progressive, and in accordance with the means of the people.

Not only that; the policy which has been preached by Messrs. Towers *et al.*, the policy of restriction and curtailment, is a policy of misery. Everyone knows that the prosperity of a nation is not shown only by the bank accounts; they are only part of the picture. National prosperity is indicated in the clearings of the banks, meaning that the nation is richer because there are more sales, and then it is easier to collect from savings. This is the reason why so many important data are collected by the bureau of statistics with regard to bank clearings. They show the course of the dollar which goes from pocket to pocket, enriching everyone and permitting everyone to pay more taxes. That is opposed to the policy of curtailment and of restriction, which has been preached by the Towers' group. He is the highest paid civil servant in Canada and one of the highest paid in America; he receives $30,000 a year, and his advice is, "Don't spend. Tighten your belts." Where shall we be headed for if that policy is adopted? What will happen is that the government will have a great deal of difficulty in collecting enough taxes to meet its requirements.

Therefore I am always ready to cooperate with the minister, provided that I am not regarded as a country cousin. I represent a rural seat; but I contend that any member of parliament, even the humblest, he who represents the district farthest from Ottawa, is better qualified to offer suggestions to the Minister of Finance than any one of these men. I have not mentioned them all; I have not time to do so. But if a man comes here with a Ph.D. *honoris causa*, he is deemed qualified to give advice to the Minister of Finance, and his erratic views become government policy. Have I to subscribe to it and support it as the government's programme? Well, well!

I want the war to be conducted upon an effective basis. I want my people to suffer the least possible during the war, and I want this government to keep power, but I want also to get rid at once of all the asses that have been put in high places by R. B. Bennett.

Mr. T. L. CHURCH (Broadview): I wish for just four or five minutes to discuss the third reading of the bill. I am sorry that, since, I had to leave at four o'clock on Friday, I was not here when it came up in the committee stage.

I believe that it is a mistake for the government to adopt the principle set out in part XV of the bill, namely, that the governor in council shall have power to make rules and regulations regarding amusements, leaving the whole problem in mystery and doubt, and in politics. So far as this problem is concerned, the third day after the war broke out I urged upon the house and upon the government that the government should declare a national policy for amusements and sports in Canada, that they should have a survey made of all amusements, amateur sports and professional sports in the country and in relation to the war, lay down a principle or a coherent policy with respect to sports and amusements and whether everything should be as usual in Canada. Like the British, we are a sport-loving people.

Sports are of two kinds, professional and amateur. The Canadian intercollegiate union suspended all their schedules, not only of football but as regards hockey, track, soccer, boxing, basketball and other sports, for the whole period of the war. In so doing they followed the principle which the college union adopted in the great war. Also the Big Four in rugby suspended operations in the great war, not in this. I am not here to say anything on that matter. What I am suggesting is that the government would be well-advised to have a survey for next year made showing what sports are being carried on, the number of those participating who have undertaken the thirty-day and four-month programmes of training, the number who have enlisted, and the contribution of each branch to our war effort. Sports' funds have done a great deal in this war for the cause.

As regards amateur sports, and particularly regarding the Big Four of rugby, I have here a letter from the president of the Argonaut rowing club, a splendid soldier, citizen and

amateur sportsman, Major T. H. C. Alison. He was president of Royal Henley and the Big Four in rugby.

As you know, being a past president of the Argonaut club, we depend solely on football to keep the club going. We never make a profit, and always have a deficit. In fact our overdraft at the bank right now is close to $2,000.

Next year the club celebrates its seventieth anniversary and we may be closed up if we cannot keep football going.

I think you will agree that we have done a lot for amateur sport in Canada.

Lord Strathcona once said that an Argonaut crew in England did more for Canada than all the immigration agents there.

We had a crew in England in 1939 when they celebrated their hundredth anniversary at Henley.

That is just one amateur club. Other rowing clubs in Toronto district have been closed up, the Dons, Varsity and others; they cannot make things go, owing to the depression, the war and one thing or another. The canoe clubs are in the same position. The harbour commissioners had a program of rebuilding the port; one half was a beautification and amusement schemes, and the other half an industrial scheme.

In the early days of our city the late Edward Hanlan went all over the world and did a great deal to advertise the city, while champion oarsman of the world. The winning of the war is Canada's first, last and only business; nothing else counts. Consider that in this question.

In my opinion a national survey should be made along that line so that the government might be able to gather information for submission to parliament at the next session. So far as baseball and a number of other sports are concerned, they have been in the red for many years. The Toronto baseball club did a lot for the city and that sport, and many public-spirited men—the late Lawrence Solman, for instance—who have been associated with these sports and have done a good deal to promote them in the interests of the Canadian people, have never made anything out of them. This is true of amateur hockey and other sports. I suggest that the government has gone too far in imposing a tax of 20 per cent to start with. True, some amendments are in the act. They might have reduced it to 10 per cent or even to 5 per cent for amateur contests and smaller amusements, and made it applicable to all theatres and professional sports without discrimination, but I do not think it is at all fair as it stands. The amateurs should not pay. I might mention, incidentally, with reference to the interest taken in amateur sports, the Canadian secondary schools' splendid regatta in Toronto in which several high schools and six collegiate institutes participated. No gates were taken. It was all free and a wonderful sight. These high school young people are doing their part in the war, both in connection with munitions and in the work they do on the farms to secure a matriculation, and they should have some recognition. Take the Argonauts in Toronto. They have to supply oars, boats, and everything else to teach these high school youths, and they make nothing. There are no gates in aquatic sports like canoeing and rowing. There are no paid managers in these clubs. There is a paid trainer and sometimes a coach in football, but there are no paid managers.

I agree with leader of the opposition in what he has said with regard to amateur sports, but so far as professional hockey is concerned, I think the government has gone, in the rate in the bill, much too far. A large number of public-spirited business men in Toronto built the magnificent Maple Leaf Gardens in that city, where meetings can be held three hundred and sixty-five days in the year. They did a great work for Toronto, and never got a nickel out of it. It is unquestionably a great asset not only to the city of Toronto but to the country generally, and those associated with this patriotic sporting enterprise have done a great deal to promote the welfare of various classes in connection with sports and community work as has their manager of the arena. I suggest that the government would be well advised to study the whole question more closely, by a national survey, and bring down a workable amendment next year with a study of the enlistments from each sport.

I am surprised that the bill did not contain a clause for the taxing of grain pools. There is a legal question involved in that connection, and in my opinion the day is not far distant when we shall have to follow the British example and tax all cooperative grain agencies and middlemen who handle grain. We shall have to do this as a means of raising revenue for the country in view of the large amount of money which the government spends in administering the grain act.

There should be give and take so far as amusements are concerned. I know some of the professional hockey men who went to the thirty-day camp, and they have said that they are willing to be called up if, as and when required, for further military service, but they have not yet been called. Again, I suggest it would be well to have a survey of this whole question with a view to adopting a national policy from coast to coast, so that everyone would do his part, and that we would

cease to have everything as usual in Canada. The trouble in this country is, everything as usual so far, and our war effort is lagging. We do not know what is going on. We do not know who is going to own the country by the end of the year. The government should lay down a national policy as the Canadian universities have done. Amateur sports, with one or two exceptions, have not made any money. The various boards of education contests for various sports should continue for the war period. I hope the minister next year will bring down a measure which will be more equitable, fair and just to all concerned and be a safeguard for sports for sport's sake.

I object to this legislation being made a political football, giving the governor in council power to discriminate between one part of Canada and another, and so make rules. The governor in council may exempt one sport in the west, say in Winnipeg, and another down east. This simply drags the whole thing into politics. There should be a clear-cut definition so that we could know those who would be exempt and those who would not, and identify each sport. Leaving it to the governor in council is another matter of politics. So far as my experience goes, to leave such matters to rules and regulations of the governor in council is to open the door to politics, undesirable influence and sectional treatment, and that should not be allowed in sport.

Motion (Mr. Ilsley) agreed to and bill read the third time and passed.

INCOME WAR TAX ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of Bill No. 87, to amend the Income War Tax Act.

He said: There are a few remarks I should like to make on the second reading of the bill. There are two sections, 16 and 17, which I propose to ask to have stand until to-morrow. They are the sections relating to the non-resident tax, the proposal being to raise that tax from five to fifteen per cent. I do that because this matter is the subject of some correspondence by telegram between the Prime Minister and the Premier of Ontario, which I believe is not completed. There is one point about this correspondence which I should like to make clear but which apparently is not clear to the public and probably to the house. At least, some of the newspapers seem to have entirely misapprehended it. The telegrams were placed on the table. They included, dated May 28, one from the Premier of Ontario to the Prime Minister. It has been assumed by some persons that this government attempted to link two matters together, namely, the acceptance of the dominion-provincial offer and the non-resident tax, and I believe this government has been attacked for so doing.

Mr. HANSON (York-Sunbury): By whom?

Mr. ILSLEY: By certain sections of the press. In order to make the matter clear, I wish to read to the house two paragraphs from a long telegram from the Premier of Ontario to the Prime Minister. It is the telegram to which I have referred, that of May 28. After objecting very strongly to the proposal to raise the non-resident tax on interest on provincial bonds from 5 to 15 per cent, Mr. Hepburn went on to say:

> Now that you have made it abundantly clear to Ontario that you are determined not to remove the injustice against which Ontario and others have lodged emphatic protests, but that you propose to persevere in an action which is clearly designed to degrade the credit of the Canadian provinces, I deem it my duty to inform you that this your latest irritating act against the good relations which should exist between the dominion and provincial governments leaves the Ontario government no alternative but to advise you that it has decided to keep in its own hands the means whereby the services necessary to the well being of the citizens may be maintained at the highest state of efficiency. In no other way does the government of Ontario believe that its revenues and credit may be kept on the present levels, and you have given this province the very best reasons in the world for retaining full control and management of its own fiscal machinery.

In that paragraph the Premier of Ontario used the dominion proposal to increase the non-resident tax from 5 to 15 per cent as the reason why the government of Ontario felt that it could not accept the offer which the dominion government made to the provinces. That was a serious decision for the government of Ontario to make, and the ground upon which it made it, as stated in this telegram, seemed in many respects disproportionate to the seriousness of the decision; at least that was the view taken by this government.

Mr. Hepburn then went on to say:

> You are hereby assured that this government, which has and is giving fullest cooperation in all matters pertaining to the prosecution of the war, will continue to cooperate with a view to bringing about what is most urgently required, namely, a full-out war effort to save Christian civilization.

Upon consideration of that position taken by the Ontario government, the reason given by the Ontario government for not accepting the dominion-provincial offer, which of course would have a most serious effect upon taxpayers, both corporate and individual, in this province, this government felt that it should

avail itself of Mr. Hepburn's offer in the second paragraph to which I have referred, namely, to cooperate, and therefore the Prime Minister sent Mr. Hepburn this telegram, dated May 30.

Mr. HANSON (York-Sunbury): Was it tabled?

Mr. ILSLEY: No; this telegram has not yet been tabled. I wish to read it to the house:

Honourable Mitchell F. Hepburn,
Premier of Ontario,
Toronto, Ontario.

Referring to your telegram of May twenty-eighth my colleagues and I learn with keen regret of the attitude which you continue to take in regard to the increase of the tax on certain interest going to non-resident bondholders and that as a result of the imposition of this increased tax the government of Ontario has no alternative but to reject the offer made by the dominion to the provinces in the dominion budget of April twenty-ninth. I shall refrain from making any comments on your personal references or your observations with regard to other provincial governments and I shall not repeat the arguments advanced in my last telegram in regard to the proposed increase of the tax on non-residents. It is sufficient perhaps to say that after again reviewing the whole matter we are as strongly as ever of the opinion that this tax measure is a fair and reasonable one; that it involves only an increase in a tax which has been in effect since nineteen thirty-three without protest from the province of Ontario; that the proposed rate of tax is low as compared not only with taxes imposed on other income earned in Canada but also with similar taxes on income going to non-residents imposed by countries of which our foreign bondholders are citizens; that it constitutes no threat to the credit of Ontario or of any other province, and that the tax is validly imposed and can be enforced. While we strongly hold this view nevertheless we are equally convinced that it would be most unfortunate were there to be any serious controversy between the dominion and the largest and wealthiest province of Canada at a time when the major consideration of all Canadians should be the most effective and most united prosecution of the war. Furthermore it is a matter of particular regret to us that under such conditions the government of Ontario should feel it necessary to regard the increase in this tax on foreign bondholders as a reason for refusing to accept the offer made to the provinces in the dominion budget. Were the matter to be left in this position, the citizens of Ontario would be prevented by prospective double taxation of their incomes from making as large subscriptions to the victory loan, to be offered on Monday next, as otherwise they would be able and willing to make. In view of these considerations and in order as quickly as possible to clarify the situation we would be willing to restore to its previous level the tax on provincial obligations held by foreign bondholders provided the government of Ontario on its part would be prepared to give the dominion prompt assurance of its willingness to accept the offer made to the provinces in the dominion budget.

W. L. Mackenzie King.

[Mr. Ilsley.]

Mr. HANSON (York-Sunbury): Was there an answer to that?

Mr. ILSLEY: There has been no answer to that telegram.

Mr. HANSON (York-Sunbury): There was something in the press about the cat being out of the bag.

Mr. ILSLEY: Yes; the Premier of Ontario, on receipt of that telegram, is reported to have made some observation about the cat being out of the bag or something of that sort, and saying that he would lay the whole question before his government. If he has done so, no word of his decision has been received, and it is for that reason that if we reach those two sections, 16 and 17, to-night, I am going to ask the house to let them stand.

The main purpose I had in speaking as I am doing on the second reading of this bill was to make it perfectly clear that the two subjects were not linked together, not connected by us in the first instance with what the Premier of Ontario gave as his reason for not being able to accept the offer which the dominion made to all the provinces, namely, the raising of this non-resident tax from 5 to 15 per cent. While, as the Prime Minister said in the telegram, the government is of the opinion that the increase was quite justified, it did not feel that it should allow that matter, not as important in magnitude as the other, to stand in the way of the acceptance of that offer, so we telegraphed the Premier of Ontario, stating that if the withdrawal of that provision, putting the tax back to 5 per cent, would enable them to accept that offer, we would take that stand. It was not an attempt by us to use this as a way of forcing or hammering the province of Ontario into doing something we wanted them to do, but it was an endeavour on our part in that conciliatory way of accepting the offer of cooperation which is contained in the telegram of the Premier of Ontario, to meet him on his own ground and do what he said in order to remove the ground advanced by him for the province of Ontario not accepting this offer.

Hon. R. B. HANSON (Leader of the Opposition): I do not rise for the purpose of discussing the matter immediately under review by the Minister of Finance (Mr. Ilsley). To do so would not in my view serve a useful purpose at this time when the nation is appealing for the largest sum of money in its history. I have read the correspondence with a great deal of interest, all except the last telegram which the minister has now placed

upon the record and which was not available in the return that was brought down in the house a few days ago. I am of opinion that—and I say this after a great deal of consideration and after having tried to think the matter through in all its implications—if I were to-night, at this opportunity presented by the the Minister of Finance to take either side—to make an attack upon the Premier of Ontario for the attitude which he has taken, or, conversely, to make an attack upon the government of Canada for the attitude which it has taken—I should, I think, be justly accused of playing politics as between these two branches of the Liberal party, and of doing a distinct disservice to my country at a time when, of all times in the immediate period of our history, we should have the best exhibition of national unity that it is possible for us to have.

I have a view on this question with respect to the 15 per cent tax, but it is irrespective of the views attributed to the Minister of Finance or the Premier of Ontario. In my view it would be better if the government did not proceed with this provision. I do not, however, advance that view because of anything that has been said in this correspondence. I think I can safely leave this question, occupying the position which I do at this moment at all events, on the ground that I have mentioned, namely, that to stir up a controversy or to provide an issue of, shall I say, provincial rights, at a time when our war situation is growing more critical from day to day and when the need of success for this great national loan is so great, or to throw in a spark of dissension that might kindle a flame, which, as between Ontario and the dominion, would sever this country, and would split public opinion wide open, would, in my opinion, be absolutely wrong, and I do not intend to do so.

I would rather suggest to the minister and to the Prime Minister (Mr. Mackenzie King) that the view expressed by the leader of the opposition in the Ontario legislature was a most constructive one. It was suggested that the Prime Minister of Canada should ask the premiers of the provinces to come together to see if, by round-table conference, an accommodation could not be arranged among the provinces with respect to, first, the whole question of the vacation of the field of income and corporation tax, and, second, the question of the taxation of provincial bond issues. That was a constructive suggestion, and I commend it to the Minister of Finance and to the Prime Minister, believing that it is not yet too late for them to take action. Perhaps I should treat this whole matter as a family row between members of the Liberal party, and drop it at that. It is not fitting to have this squabble going on at the present time, and I suggest that the only way to end it is by a conference round a table. That position I commend to all interested parties.

Having said that, I intend to proceed to another phase of the matter immediately under discussion. When the bill was in the committee stage, I adverted to a matter which I considered of considerable importance. It will be recalled that in his budget speech, on April 29, the minister, as reported at page 2345 of *Hansard*, made a statement and an announcement concerning proposals with respect to the vacation by the provinces of the income and corporation tax fields. At the risk of wearying hon. members for a few moments—and only for a few moments—I intend to cover that ground, and ask the minister for a declaration as to the position of the government with respect to only two aspects of the matter. I quote from the minister's speech:

> After the most careful consideration of all the questions involved we have reached the conclusion that the rates of personal and corporation incomes taxes should be raised by the dominion to the maximum levels which would be reasonable at this time, if the provinces were not in those fields. Our plans are drawn, therefore, on that basis, and in due course I shall outline proposals to increase the minimum rates of corporation income tax to 40 per cent; to increase the rates of personal income taxes very considerably and to increase the national defence tax.
>
> But these increases if taken together with the existing provincial rates would result in too heavy a burden and it is proposed, therefore, as a temporary expedient for the duration of the war only, to ask the provinces to vacate these two tax fields.
>
> I am writing to the provincial premiers informing them that the dominion will offer to pay each year for the duration of the war, to any province which, together with its municipalities, will temporarily vacate the personal income tax and corporation tax fields either.
>
> (a) The revenues which the province and its municipalities actually obtained from these sources during the fiscal year ending nearest to December 31, 1940, or
>
> (b) The cost of the net debt service actually paid by the province during the fiscal year ending nearest to December 31, 1940 (not including contributions to sinking funds), less the revenue obtained from succession duties during that period.
>
> Such payments will be augmented by appropriate fiscal-need subsidies where it can be shown that these are necessary. At the same time, it is proposed to discontinue the present special grants which are voted annually by parliament.

I pause at this juncture to point out that in making that statement the Minister of Finance realized, as we all do, that if an accommodation is not reached between the provinces on the one hand and the dominion on the other, those citizens of the provinces

which are in the income tax field, and those corporations which are paying corporation taxes, will be compelled to bear a considerably increased and very heavy taxation. That is not a desirable thing.

Let me point out that there are at least two provinces which have no income tax. The citizens of Ontario will be obliged to bear an additional burden and an additional load over and above what the citizens of Nova Scotia will bear. For that reason I urge the minister to come to some arrangement with the Premier of Ontario, if it is humanly possible to do so, in order that this discrimination against the citizens of this great province may not occur.

The Minister of Finance then went on to say:

> The plan which I have outlined for alleviating the present difficulties is by no means perfect and is not intended to be more than a temporary war-time expedient. However, it has the merits of simplicity. It will permit the dominion government to levy the necessary taxes without injustice to residents of different sections of the country or to different income groups.

That is exactly the position to which I have just referred. The minister continued:

> As far as the provinces are concerned, it will ensure them a fixed revenue for each year during which the war continues, based upon the level of such revenues during the past year. In other words, the dominion guarantees the provinces an annual payment equivalent in all probability to the maximum amount which they have ever received from the two tax fields under discussion. It is true that if incomes continue to rise the provinces might receive even larger revenues from these two sources in the future than they did in the year 1940, but this would depend in part upon the course and nature of the war, in part upon the level and nature of dominion taxation and upon many other questions which cannot be foreseen or assessed at this time.

Then, this further brief extract from the same speech:

> The alternative offer of the dominion to pay the cost of a province's debt service is intended for those provinces which have not developed to the same extent, the personal income tax and corporation tax fields and for those provinces which represent that they must be given some measure of relief pending a final solution of their present difficulties.

In the remarks I made on the budget I referred to these two proposals. It was my view then and it is my view now that the proposals were generous to the provinces, whichever alternative they desired to accept. I still am of that view, and I am still hopeful that the provinces, one and all, will accept. I understand that the smaller provinces are exploring the position, and that they are making their calculations. I had hoped that arrangements would have been concluded before this.

With respect, however, to certain provinces there is apt to be difficulty. I shall not refer again to the correspondence with the Premier of Ontario except to say that apparently at one stage he closed the door. In the case of another province, Alberta, the premier has intimated, if one is to believe press reports, that he has adopted an attitude of watchful waiting, that he intends to see what the other provinces will do. I reaffirm and reiterate the opinion which I hold, that with respect to the great province of Ontario, no stone should be left unturned to get an accommodation, even though this government has to retrace its steps with respect to the 15 per cent tax. I think I should leave that position right there. I am expressing the hope that an arrangeement will be made. I do hope that an accommodation can be reached by meeting and discussing round the conference table the position that each jurisdiction has assumed. It can be done if there is the will to do. Knowing the Prime Minister as I do, I appeal to him to take the initiative in starting these discussions; otherwise the taxpayers of Ontario will suffer; an issue will be created, and there will be disunity in this country.

An entirely different situation exists with respect to Alberta. As I appreciate the situation, Alberta is not one of those provinces which have developed the personal income and corporation tax to a great degree. I may be wrong in that assumption, but that is the hypothesis upon which my remarks will be based. It is probable that in normal circumstances that province, assuming that it comes into the scheme, would accept alternative B, although it is only fair to say that so far as is known that province has not committed itself to the principle of either proposal. As I stated a moment ago, if newspaper reports are to be considered as accurately representing the position, Alberta has adopted a policy of watchful waiting to see what other provinces will do. Be that as it may, however, if it adopts alternative B, then I put this question to the government: What is to be the attitude of this government with regard to that province, having regard to the fact that for several years the government of Alberta has repudiated its solemn obligation to pay in full the interest upon its bonds, much to the loss of its credit and also potentially affecting the credit of other provinces? Is this government, in dealing with Alberta, to pay only to that province the actual amount of bond interest paid by that province and thus recognize its default and thereby in effect condone its action? Or will it insist upon an arrangement being made by that province whereby the Alberta govern-

ment will respect its responsibilities? If I can get the attention of the minister I should like to pursue this a little further.

Let us examine it in a little more detail. The offer under alternative B is such that there can be hardly any question but that Alberta will take alternative A. But if the application of B to Alberta were on the same basis as to the other provinces, namely, full payment of bond interest, there would be a much greater likelihood of Alberta taking B.

Mr. ILSLEY: Very little then.

Mr. HANSON (York-Sunbury): Possibly it is a matter of balance and calculation.

Mr. ILSLEY: If we paid the province on condition that they paid the bondholders, they would be worse off financially than if they accepted proposal A.

Mr. HANSON (York-Sunbury): That is a matter of calculation. What I want this ministry to do is to declare whether they are going to condone the action of the Alberta government in withholding bond interest by paying it in full on the basis of their debt and not having the province of Alberta pay it over to the bondholders. That is what I want to know. What is going to happen? Surely, if Alberta chooses A because of the fact that B may be construed as being only an offer of reduced interest payments, the dominion by its action is in effect pushing the Premier of Alberta into alternative A and in that way is condoning Alberta's action.

Another approach to this problem may be stated thus: The government of Canada is imposing certain taxes upon the citizens of Alberta. I wish to speak to the people of Alberta to-night. In the case of the other provinces, the federal government is offering, as alternative B, to pay the whole of the province's interest bill, less any amount collected for succession duties and, I believe, deductions for sinking fund. In the case of Alberta it is thus offering to pay only half this interest bill, unless provision is made for the payment of the full bill. It is quite true, I think, that even if the whole interest were offered to Alberta under alternative B, the Alberta government might still choose alternative A. But if it did so, it would then be reasonably clear that it had not been sincere in saying that it was not paying interest in full because it could not do so, inasmuch as the means of doing so would be available to it. I think the house and the country should have an explicit statement from the Minister of Finance as to the policy of the government and as to what it proposes to do. I press the minister to give us this statement, either now or at a later stage in the proceedings.

I come now to another aspect of this matter which has to do with the municipalities in the provinces which may adopt this grant in lieu of income and corporation taxes. In those provinces in which there is, and has been for many years, a municipal income tax, the whole question is presently being explored. In New Brunswick the provincial government has called a meeting, to be held on Tuesday, June 3, with the representatives of all municipalities. From the minister's statement it is not quite clear that the municipalities, either by vacating voluntarily or by being obliged to vacate the income tax field as a result of legislation to be passed by the provincial government giving effect to the proposal, are to be protected from loss of revenue. This is most important to those municipalities which have depended heretofore to a considerable degree upon this source of revenue, and most particularly to the cities and larger towns in New Brunswick. While I am instructed that other smaller municipalities have had this power of assessing and levying income tax, it is true that until very recently most of them had not fully carried out the law, and only in recent years have they been looking to this field as a source of revenue.

I am instructed that a summary of the dominion tax proposals has been submitted to New Brunswick and other provinces in a similar position. This is a summary of the dominion's proposals to the provinces, such as I have indicated.

(1) The provinces will collect the personal and corporation income taxes on incomes of the year 1940 and any arrears of taxes applicable to prior years.

(2) The provinces will cancel their personal and corporation income taxes on incomes of the year 1941.

(3) In the case of corporations whose fiscal year-ends do not coincide with the calendar year, the provinces will collect a tax on the proportionate amount of the income of the corporation which is applicable to the calendar year 1940. For example, if a corporation ended its year on January 31, 1941, the provinces would collect the provincial corporation income tax on eleven-twelfths of the corporation's profits for the year ending January 31, 1941. This agreement will synchronize with the increase of 10 per cent in the minimum rate of tax under the dominion Excess Profits Tax Act which will apply from January 1, 1941.

(4) The provinces will refund to taxpayers the amount of any taxes which may have been collected already on 1941 incomes.

(5) The provinces will collect any flat rate or specific taxes on corporations which became

a liability of the taxpayer as at or prior to December 31, 1940, irrespective of the date when payment is due. If they are not a liability of the taxpayer as at or prior to December 31, 1940, they will be cancelled by the provinces and not collected; if collected already, they will be refunded.

(6) The general principles outlined under items 1, 2, 3, 4 and 5 will apply upon the termination of the agreements with the provinces and the reintroduction of the provincial income and corporation taxes.

(7) The annual payments by the dominion to the provinces will be paid on a quarterly basis. There will be deducted from the amount of the annual payments that would otherwise be made to the provinces, the total collections by the provinces upon incomes of 1940 and prior years and collection of flat rate taxes applicable to 1940 and prior years. The total amount of all such deductions will be paid to the provinces on the termination of the agreement.

I know the minister's answer will be that he deals only with the provinces, but he certainly can make it a condition precedent to any agreement being reached that the benefits accruing to the provinces in lieu of the sums that the municipalities will be asked or may be compelled to give up shall definitely be passed on to the municipalities. He will say to me, I am sure, that he has no other thought in his mind. I say to him that that is not good enough, that we must have a definite statement that the municipalities will be absolutely protected under any agreement made with the provinces.

The municipalities are the creation of the provinces. Their jurisdiction to impose income tax is derived from the province. The province has the power and authority by legislation to take this jurisdiction away; and if it does so without making arrangements for proper compensation, the municipalities, in order to carry on their services and, with regard to the larger cities and towns, many of their social services, will be obliged to have recourse to an increased impost on real estate. I protest as vigorously as I know how against any such suggestion. Real estate to-day, and for many years, has been bearing an undue proportion of municipal taxation.

I invite the minister here and now to state definitely what his proposals are in respect of the municipalities and especially what he proposes to do to protect the municipalities to which I have referred.

[Mr. R. B. Hanson.]

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I am not going to intervene in any quarrel between the federal government and the Premier of Ontario, but I wish to express some regret that such a situation has arisen and that it was not possible when the dominion-provincial conference met in January to continue its proceedings and arrive at certain conclusions. I believe that the Rowell-Sirois inquiry, as it was called, has given us probably more information regarding our dominion-provincial relationships than we could possibly have gleaned by the reading of many volumes. Out of that report there could have arisen a discussion, if the participants in the conference had wished, of any and every phase of our economic and social life. I thought it was regrettable that the conference did not proceed. I am not going to attempt to place the blame, but I say that had the Prime Minister (Mr. Mackenzie King) taken a more definite stand, the conference might have proceeded in spite of the fact that some of the provincial premiers were antagonistic to it.

I am also of opinion that it was unfortunate that public opinion had not been prepared for that conference by fuller information being given as to what was in the Rowell-Sirois report. Had public opinion been better informed as to the purpose and need of the inquiry, I believe that the division which arose subsequently would not have been so acute.

One of the matters which is under discussion under this bill and which was dealt with by the leader of the opposition (Mr. Hanson) is, I think, a natural outcome of our federal system of government. That federal system was established in 1867 when problems such as marketing, unemployment relief and all the rest were virtually unknown as national problems. At that time they were problems largely for the individual communities themselves, and the communities pretty well took care of them. But the world has moved since 1867, and the experience that we are having in the Dominion of Canada is the experience of all federal states and federal governments in the last several decades. The United States has experienced much the same conflict between the powers of the various states and the federal government. Even Australia, the newest of the federal states, has been subjected to a good many strains in the past few years, and we are now experiencing something of that sort. It is regrettable that this difference between the province of Ontario and the dominion government has arisen on the clause contained in the bill before us. I can see no reason why the government of

Canada should not tax non-resident holders of Canadian securities. After all, this war is being fought to save Canada from domination by those who would destroy every interest which these people have in the country in which we live. Consequently, it seems to me, if we are taxing our own people owning our own securities, we should tax also the securities held by others who are not resident in this dominion but who are benefiting from the defence of our institutions by the people of Canada at the present time. Therefore I am hoping that this difficulty which has arisen will be straightened out and that the tax will remain.

I should like to add my view to that of those who are suggesting that a conference should be held, not necessarily on the basis of the Sirois report, but founded upon the comprehensive inquiry and a wide consideration of problems which are arising now and will inevitably rise when the war ends. I fear for the post-war period unless some government—and it must be the federal government—has power to deal with the domestic issues which will emerge from the present war. Therefore I would add my support to those who suggest that a conference be called on the widest possible basis; and might I suggest that when such a conference is called, participation should not be limited to persons representing various governments, but should include some representatives of the opposition groups in our legislatures, in order that any agreements arrived at will have some continuity and consistency of purpose, because, as I remarked a few moments ago, we as a dominion must have power to deal with dominion-wide problems—a power which in many respects does not lie at the moment with the dominion. I hope that some way will be found of ironing out the present difficulties between the province of Ontario and the federal government.

This bill contains a number of clauses. I am glad that the income tax schedules are on a graduated scale and that they rise in their imposition as they go upward in the scale. That is a good principle. We may have to take more later on from incomes in the higher brackets. I wish that more were being taken now, because, as I have often said, what counts is not the amount which the taxpayer pays, but the amount which he has left.

I do not wish to delay the house, because I believe these proposals received a pretty thorough discussion when they were before us in resolution form. I wish to protest again, however, although I suppose there is not much use in asking the minister to make a change at this stage, against the low exemptions in the national defence tax. The bill states that the exemption for a single man shall be on an income of $660 a year; that upon an amount over that, 5 per cent will be taken, and that 5 per cent will be exacted from the income of a married man over $1,200 a year. Those exemptions are much too low. With the increase in the cost of living, and with all the calls which are being made upon everyone, including the low-paid workers, to contribute to various funds, the amount left is not sufficient to maintain anything approaching the standard of life which our own bureau of statistics has, on a number of occasions, laid down as a minimum. I should like to have seen the exemptions raised to $750 and $1,500 respectively; even then they would have been quite low.

With regard to the other parts of the bill, I have not very much to say, because the resolutions upon which the bill is based received consideration at various times when they were before the house, and at this late stage of the session it is useless to put up any long argument against portions of this measure. I hope that if the minister sticks to these exemptions, he will see his way clear, when the next budget is introduced, to raise them to some extent. I believe he will be almost compelled to do so because, with the tremendous loans which we are raising and the enormous expenditures that are to be made this year, it seems inevitable that there will be some increase of prices, particularly if goods of various kinds become scarcer as a result of the necessities of the war situation. That is to say, the cost of living may rise, and the amount left over after paying these taxes will not be sufficient to maintain either single or married people.

With these few words I am going to leave the matter, because I do not think much is to be gained by bringing pressure to bear upon the minister after the resolutions have been adopted and the bill has been introduced in its present form.

Mr. T. L. CHURCH (Broadview): Coming from a city which is paying very nearly one-third of the national income tax, I wish to occupy about five minutes, on behalf of trade and commerce, small wage-earners and those with fixed incomes, in a discussion of this particular bill.

The first part of this bill sets the rates of income tax on individuals, and I may say that the whole principle of the bill is involved on the second reading. Is the amount of money which this bill proposes to levy for the purposes of the war necessary? Is it not too much? Will it be well spent? Is it in the public interest, or of the war—Canada's only business that now counts—and will the effect of

it be a restraint on those who are doing something for the country, the business community, trade and commerce? I say that the total amount of money which this bill is intended to raise is not needed for war purposes, and that half should be charged to capital instead of only one-third, and half raised from revenues.

The government proposes in the first schedule of the bill a tax on individuals. The original schedule has been repealed, and a new one subsituted, marking up everything from away down as low as $150, up to the top. It is the man with the fixed income, the white-collar worker and the industrial worker, who will have to pay a large part of these increases, as well as the more well to do who are also heavily taxed.

The exemptions are also reduced. Then there is the question of dependency. Many people would be on relief, and either this government or some other government would have to maintain them, were it not for the fact that some of their friends are taking care of them, and consequently are taxed for it and their allowance therefor reduced to practically nothing in this bill. In my opinion, instead of collecting all this money, for the war and civil government, out of income and revenue, the government should make 50 per cent of it a charge on capital. In the last great war the United States charged the cost of the war and of civil government to income and capital in the ratio of one-third to income and two-thirds to capital. There is a great amount of money in the banks and insurance companies; in fact, so much money that they cannot get more than a fraction of one per cent, or none at all, for it. I contend that Bill No. 87 takes altogether too much in one year out of income from the taxpayers of the country, when one considers other taxes, dominion, provincial and municipal, a burden which they cannot carry to-day.

No doubt the minister needs the money. He has to get it somehow, and the Canadian people will support him if they know that the money is for the war and is necessary. He has to get that money either from income or by borrowing, but in my opinion this bill is asking for too much from income, and the huge jump in schedules is far too great. It seems that we can afford the luxury of the party system, the league, and a duplicate railway system without any effort at coordination, and many other wasteful expenditures, and now the minister adds to the burden of the taxpayers this further imposition which he has brought down in Bill No. 87. For many years I have been urging reform in this direction. In fact, when the late Hon. J. A. Robb was Minister of Finance I urged, in a motion discussed for a day, a reform in connection with income tax, to restore it to the municipalities. Prior to 1918 the income tax was the exclusive field of the municipalities, but in the great war it was taken away from them by the federal power. The higher federal power at that time promised that after the war this right would be restored to the municipalities, but the promise was never fulfilled.

From 1927 on, I have been urging reform in taxation. We are overgoverned and overtaxed, and reform in these respects, together with parliamentary, cabinet, constitution, law and taxation reform, should be made the subject matter of careful study on the part of the government. The income tax burden bears heavily on those with fixed income, both in private and in public office, and I do not know how long this will continue. I suggest that so far the minister has been using too many big-stick methods.

There is one feature that I commend, namely, with regard to rentals. The taxation on real estate is now on the net amount earned. The Victorian era built up assets for the future, and we are squandering them in various ways. In the early days of the Victorian era the people kept the state; now we are heading for an era where the state is keeping the majority of the people. The city of Toronto was the first to apply for the right to impose death duties, gasoline tax and other duties, and then it asked that income tax be restored to it. But the moment the municipalities discover a tax, the province appropriates it, and then the dominion comes along and takes away from the municipalities and the provinces this source of revenue and puts it into its own exchequer. This is what is being done in Bill No. 87. I am afraid this bill is a step in the wrong direction. It is placing too great a burden on those people who have very small holdings in property and wealth, and they will probably lose more than the country will gain.

In the early days when this was a young country every government encouraged saving and thrift among the people, with the result that the small wage-earner was able to buy a home or a small farm or a market garden. These savings became the small man's investment—small personal estate or real estate. It was all the capital that the small man had, savings that came from thrift, encouraged by all governments. But by successive inroads from taxation the right to hold and possess property has been taken away from the common man—the farmer and the industrial worker. I am and always have been a supporter of income tax and death

duties, but there is a wrong and a right principle involved, and I suggest that you can go too far in what you charge to income, instead of utilizing money that is lying idle in the banks and elsewhere—money which, as I said before, is not earning a fraction of one per cent. A large part of that money could be utilized for this fiscal year. Prior to the present year all governments in Canada have encouraged people in thrift, to accumulate small amounts of wealth and property, and this has been a means of building up the country. It developed men of character, stability and business ability who by their small savings and thrift could take care of their children and the thrifty man's children could inherit his savings instead of getting nothing. But what can people do when so much of our debt is charged to income instead of being fifty-fifty—50 per cent to income and 50 per cent to capital?

I have already referred to schedule A. I suggest that the rate therein on the low brackets to $9,000 is altogether too high for the small man when one considers the other taxes he has to pay. The minister is carrying on an expensive publicity campaign at the present time in connection with the victory loan. He is asking everyone to invest. But how can people invest when a bill like this, and other measures, impose such burdens upon them. Before the war, the small business man and the artisan had made commitments on mortgages, on their homes and on life insurance policies; but what with income tax and other levies that have been added, nearly everything the small man earned has been invested and committed, so that to-day he has not a copper left to invest in this victory loan, as he would like to do. All the high pressure publicity to get him in will not amount to a snap of the finger as an inducement to people to invest, because their money has been spent and allotted, although these honest people are eager and anxious to help.

I have urged the minister to consider a national moratorium with regard to mortgages, insurance and so forth. I have paid, like many others, by way of insurance more than I shall get out of the policy, and I shall continue paying as long as I live, without any remedies in a straight life policy. The government might very well look into this question. The minister wishes to make a success of the victory loan. Well, the loan is linked up with this bill. There ought to be some principle by which a small wage-earner with a policy, if he has kept up his insurance for five or six years, might be allowed to postpone the payment of premiums until after the war at the rate of interest paid on the victory loan so that he may have some small share of that loan.

So far as exemptions are concerned, I cannot see any reason for reducing them. It costs more now for a man to live than before the war. Some of these exemptions should be retained in the lower class of income. Dependency is another matter. The last one is double taxation. Where is all this going to end? There was a debate on the question the other night.

Another tax is on page 6 of the bill, sections 16 to 18, the tax on non-residents. I was talking to a business man from Cleveland the other day. The American people have put a good deal of money into buildings on Bay street in Toronto and other cities in Canada and around lake Erie and lake Ontario, and into large and small buildings in our cities. This tax on non-residents of fifteen per cent will, I believe, be a restraint on investments coming into the country, and so have a very serious effect for the remainder of the war and after the war on building construction, public and private bonds, if these investments are to be dried up. They saved the day in many of the cities along the lake Erie shore and western Ontario to the head of the lakes by these cities being able to get real money from across the border.

Real estate rentals will be taxed on a gross income basis; the net income would be the wiser basis. I ask the government not to go too far. I believe they went too far in this for the first year. I believe half the schedule for those under $8,000 or $9,000 would have been right. If the government had made any real effort to take advantage of the lease-lend bill for the large amount of money to be provided by Canada under this budget for the war to protect the shores of the United States and our own neutrality in case America is attacked, they could have got a substantial relief on our income tax and the other taxes in this budget. I am sorry that the minister has not decided on monthly instalments. After all, the small wage-earner just gets his monthly cheque, and it would be far better if there was a provision for payment of this tax by equal monthly payments over twelve months in the year.

These matters I have raised are worthy of consideration, as the war is Canada's only business that counts, and the people will pay if they know it is needed.

Mr. RALPH MAYBANK (Winnipeg South Centre): If one thing more than another makes me sick, it is to hear Toronto complaining about how much any budget is going to cost it. After having lived on the rest of the country as richly as Toronto has for so long, it ill becomes any person speaking for Toronto to complain about taxation. The city of Toronto has more grasping, greedy, unctuous people in it than any other city in the world. That statement does not need to be agreed to by any person, but it is my opinion—

Mr. MacNICOL: The most generous city in Canada.

Mr. MAYBANK: That is a generous remark which the generous hon. gentleman has made.

I had intended to speak for a few minutes with reference to the telegram read a short time ago by the Minister of Finance (Mr. Ilsley) from the Prime Minister (Mr. Mackenzie King) to the Premier of Ontario. I suppose sending that telegram was the right thing to do; anything at all tending to ease this situation was probably the right thing to do. Yet I doubt if it was really necessary to give the Premier of Ontario this cushion to fall upon. If the people of Ontario desire to have double taxation, it is entirely in their own hands. If they do not desire double taxation, they can make known their wishes to their premier and he can arrange that there shall not be double taxation. If, however, they desire it, we do not need to worry ourselves over it. You know, Mr. Speaker, I think the rest of Canada is getting somewhat sick of continually playing up to the Premier of Ontario and endeavouring to smooth and soothe him. I sometimes think our Prime Minister has turned the other cheek once, twice or three or four times too often to Ontario's premier, and it might now be a good idea if he would stop doing that and leave it to Ontario's premier to come to his senses by himself in quietness and without further urging. I have, however, no definite objection to the course that has been taken; I hope it works.

With relation to the 15 per cent tax on non-residents, I understand that the bondholder in the United States actually gets an exemption from his own government for any money he pays to the Canadian treasury. I happen to have a certain client out west who comes from Minneapolis, who pays a considerable sum of money in this way into the Canadian treasury. He is given full credit by the United States authorities for the money that he pays into our treasury under this particular tax, 5 per cent as it was, 15 per cent as it appears to stand at the moment. In such circumstances there is not any person in the United States for whom the Premier of Ontario needs to fight. It is true that there will be certain persons in the United States, artificial persons, such as mutual companies, who may not pay any tax at all there, and therefore no exemption could be granted them by the United States for the taxes they pay here. These would seem to be the only taxpayers who would be in any way injured by this tax. As against that, however, we must remember that any Canadians who earn income in the same way in the United States do not pay 5 per cent, do not pay 15 per cent but pay 16½ per cent. That is my information; If I am not correct I should like to be corrected.

Mr. ILSLEY: That is right.

Mr. MAYBANK: There remain, then, some bondholders outside Canada who claim the protection of the Premier of Ontario. There are those persons living in the Bahamas, Canadians who grew wealthy here and moved away in the hope of drawing money out of this country and not being taxed. They do not need our sympathy. There is nothing unjust to them about this tax. Those Canadians should be here standing shoulder to shoulder with their fellow-countrymen.

One other subject to which I should like to advert for a moment is this question of more and more and better and bigger conferences. I certainly would have no objection to more conferences if I could believe, as the leader of the opposition (Mr. Hanson) seems to do, that they could do any good. But here is the position we are in to-day; the echo of the footsteps of the three wrecking premiers, men who came here and wrecked the conference, has only just ceased ringing in these halls. There would not be any use at all in this government calling them back at this time. Every person is entitled to his own opinion; the leader of the opposition seems to think we might effect something by recalling these men. But with all respect, I do not believe it. I do not believe it would be any use at all at this time for this government to call another meeting. The same people, or some of them, this time would probably only put their heads in the door and laugh and walk away.

Mr. McCANN: Does the hon. member suggest that the exchange of telegrams is a better method of reaching an agreement on this particular problem? Seeing that he is

giving gratuitous advice to the province of Ontario, he might be good enough to answer that question.

Mr. MAYBANK: With regard to that I can give a categorical answer. Yes; I think that is the better way to try to reach an agreement. To have everything on record before the public in that way is decidedly better at the present time than to call another conference. I am not so sure that to-day's method will be successful, because I doubt if anything will be successful, with that man. But in any event I doubt if a conference would do any good, certainly not at this time. Should others desire a conference, I understand the door is wide open for them to have it. If there be any indication from the premiers of the provinces that they would like to confer, certainly this government would not stand in the way; nor do I think it should. The point at the moment simply is whether, at this time, this government could do any good in calling another conference.

There is the suggestion by the leader of the Cooperative Commonwealth Federation, that if there were a conference—and he said he thought there should be one—that it should be attended by the various opposition leaders, as well—

Mr. HANSON (York-Sunbury): No, thanks.

Mr. MAYBANK: That is just the sort of difficulty I had in mind. The opposition leader who sits closest to me says, "No, thanks." We could not get very far with that kind of conference. We would probably get too many "no thank you's" from the invited ones. Moreover, if such a meeting were convened, we would have to consider whether the premiers of the provinces would be willing to come here and have representatives of the various oppositions speaking on equal terms with them in presenting the opinions of their respective provinces. I do not fancy that would net us anything.

It seems to me, with respect to the general subject of conferences, that the only thing we can do at the present time is to let the matter rest as it is, until some of those who wrecked the last conference show a change of heart. I should hope that before long that might come to pass, and I should think that so far as Ontario is concerned, the people of Ontario will see to it that such a change of heart does occur.

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

On section 1—Rates applicable to all individuals.

Mr. HANSON (York-Sunbury): I must express my regret and surprise that the Minister of Finance ignored the position I took and the request I made for a statement respecting the principle of the bill. I do not know whether he intended it as a discourtesy to me, but I certainly suggest I was entitled to a considered reply before the debate on second reading was closed. I am, however, charitable enough to think that perhaps the minister did not understand that that was expected of him, and I should hope that he would give a reply at a later stage.

While I am on my feet I would ask a question, as to why the two young ministers from Ontario have not had anything to say about this matter. These two gentlemen have been in the government now for about a year—and this is a matter of vital importance to Ontario, the province which they are supposed to represent. Are they tongue-tied or are they ham-strung?

Mr. MacNICOL: Both.

Mr. HANSON (York-Sunbury): That is the question I should like to put to the two new ministers from Ontario.

Mr. MULOCK: Mr. Chairman, I had hoped the leader of the opposition would follow the good resolve he stated earlier in the debate this evening. He pointed out that he was desirous of showing a conciliatory manner, and that he did not wish to cause any trouble in what he described, I believe, as an embarrassing situation. Does he not think that at this time, when we have such vast difficulties in the world, when everything possible is being done successfully to launch the victory loan, and when every effort is being made to assist in saving democracy and freedom for the world, it is a poor time to engage in picayune party politics?

Mr. HANSON (York-Sunbury): Both tongue-tied and ham-strung.

Mr. ILSLEY: When the leader of the opposition put his questions to me he was speaking on second reading of the bill, and he invited me to answer certain questions "here and now", to use his own words.

Mr. HANSON (York-Sunbury): Or at a later stage.

Mr. ILSLEY: I had already spoken in the debate on second reading, and the hon. member was followed by other hon. members. I took it that if I undertook to reply to his

questions—and I shall do my best to reply to them, on one of these sections—it would be done in committee.

Mr. HANSON (York-Sunbury): That will be satisfactory.

Section stands.

Mr. ILSLEY: There is a desire to go into supply, and therefore I shall move that the committee rise, report progress and ask leave to sit again.

Progress reported.

SUPPLY

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

DEPARTMENT OF FINANCE

46. Departmental administration, $356,425.

Mr. CRERAR: It is our desire to call an item in each of three or four departments, so that we may proceed with those departments at another time.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

182. Cadet services, $171,500.

Item stands.

DEPARTMENT OF THE SECRETARY OF STATE

326. Departmental administration, $92,565.

Mr. MacNICOL: I suggest that one of the ministers ought to explain why the auditor general's report has been cut down in size. I have been trying to make comparisons between this year's report and the reports of previous years, and I find it impossible to make those comparisons because so much of what was found in earlier reports cannot be found in the present one.

The CHAIRMAN: The question might properly be asked on item 33.

Mr. CRERAR: It is not our intention to discuss these items to-night; we are calling them merely in order to go into the departments on Thursday and Friday. A full opportunity will be given later for a discussion of the point raised by my hon. friend.

Item stands.

AUDITOR GENERAL'S OFFICE

33. Salaries and expenses of office, $455,790.

Item stands.

[Mr. Ilsley.]

MINES AND RESOURCES

136. Lands, parks and forests branch. Government of the Yukon territory—administration, $41,750.

Hon. T. A. CRERAR (Minister of Mines and Resources): This item covers the administration costs of the Yukon. There is a slight reduction of a little over $2,000 from last year.

Item agreed to.

137. Lands, parks and forests branch. Grant to Yukon council, $50,000.

Mr. CRERAR: There is an amendment to this item to reduce it by $2,500.

Mr. MULOCK: I move accordingly.

Mr. COLDWELL: In Saskatchewan are a number of aged people who lived for a number of years in the Yukon and then moved to the province. Although they have never resided outside Canada, they are not eligible for an old age pension because apparently residence in the Yukon is not considered as being residence in any province. Under the agreements made between the dominion and the provinces, no province will take the responsibility for the payment of the dominion's share of 25 per cent of the pension in addition to their 75 per cent. In my opinion this ought to be ironed out. The hon. member for the Yukon (Mr. Black) will be better informed about this, but it may be that those who live in the Yukon have other ways of providing for old age.

I have in mind one case of a man whose wife resided in Saskatchewan for a number of years, but he did not establish domicile in the province to come within the meaning of the act. For a time he did get an old age pension, but he was cut off and has had to repay the overpayment made. Because of his residence in the Yukon it was considered to have been an improper payment. The Minister of Mines and Resources is in charge of Yukon affairs, and I suggest to him that some consideration should be given to this point. There are many cases of real hardship. This one old gentleman has suffered because he has been unable to get a sufficient pension, and even when he did get one for a while because the provincial authorities thought they were justified in paying it, he has since had to suffer a reduction to repay the overpayment. I ask the minister to consider these cases and endeavour to find some way to provide for these people, either through his department, or through the Old Age Pensions Act under the Department of Finance by agreement with the territorial administrator.

Mr. BLACK (Yukon): The Old Age Pensions Act does not apply to the Yukon. No arrangement has been made between the federal government and the territorial government similar to the agreements entered into with the various provinces. At present the dominion government pays 75 per cent of the pension paid, while the provincial government pays 25 per cent. In my opinion, this whole matter should be a federal responsibility, and residence in Canada should be the ground upon which a pension is paid. I must say that men and women who are no longer able to take care of themselves are treated more generously in the Yukon than they are in the other provinces. A pension of $20 a month would be of no use to anyone living in the Yukon because of the much higher costs of living. I agree, however, with the hon. member who has just spoken, that many hardships have been caused where people have left the Yukon after living there some years. A man may live in the Yukon for ten years and then move to Saskatchewan, Alberta or British Columbia. If he gets a pension, it is based upon the length of his residence in the province. As I say, this should be a federal responsibility, and residence in any part of Canada should be the governing factor.

The Postmaster General (Mr. Mulock) has moved to reduce this vote of $50,000 by $2,500. I happen to know why the Minister of Mines and Resources wants to have this vote reduced. I am aware that later on a similar amount will be provided in the supplementary estimates to be devoted to a certain purpose. I commend the minister for taking action in a deserving case. Compensation of at least some $2,500 is to be paid to a father for the loss of his son while a passenger on a government owned and operated ferryboat in the Yukon territory. The law is such that this man was precluded from going even to the exchequer court in order to establish his rights. The matter was considered by the Minister of Mines and Resources and the Department of Justice, and this grant of $2,500 is to be made and will, I know, be gratefully received.

I suggest to the minister that it might be well for him or some member of his staff to intimate to the comptroller of the Yukon and the council the inadvisability and impropriety of voting money on the strength of the federal estimates before these estimates become, in fact, votes or grants of money. The passing of any item in the estimates is a speculation. The fact that it is in the estimates does not mean that inevitably there is going to be a grant and I think these expectant recipients of public money should not presume to appropriate it or begin to expend it before it is granted by vote of this parliament on the advice of the respective ministers.

I have not taken up very much of the time of the house at this session, but since this is a vote to the government of the Yukon territory, perhaps it would not be out of place if I had a word to say about the Yukon. Probably there are not very many members of this house who know much about that far-distant territory. I shall not weary them with statistics but touch on just a few of the highlights.

To begin with, the Yukon has an area of 207,076 square miles and a population of little over 5,000 people. That means there are forty square miles to every one of the population. Consequently we are not overcrowded.

The Yukon was created a separate territory, carved out of the Northwest Territories in 1898, by the Yukon Act, which is the constitution of that territory. We were given a local government, consisting now of a comptroller appointed by the dominion government, and a territorial council or legislature consisting of three members, one from each of the three electoral districts in the territory. That council with the comptroller has practically the powers of a provincial legislature. Under the Yukon Act they can legislate concerning many matters including property and civil rights, and the members of this house well know how far that goes. When a legislature has the power to legislate on property and civil rights, there is practically nothing on earth that it cannot do.

We were given representation in Canada by a special act called the Yukon Representation Act. Never, even at that time when the population of Yukon was much greater than it is now, did we have a sufficient population to entitle us to representation in parliament. But because of the importance of the territory as a market for Canadian goods and its great gold production, all governments have continued the policy of keeping the Yukon represented in this parliament. Local laws are passed by that local council to govern local matters. Our mining laws, on the contrary, are all acts of this parliament of Canada.

Originally the mining laws of the Yukon were orders in council subject to change overnight, and they were changed in many instances without notice to the mine owners and others interested in the mines, with the result that we had a state of chaos there and a multiplicity of lawsuits. Once we got representation in parliament, it was not long before that condition of affairs was changed, and

stable and permanent mining laws which can only be altered by an act of this parliament were enacted and are in force.

As a member of that local council I had the honour of assisting in drafting what is known as the Yukon Placer Gold Mining Act, and then of coming to parliament as the Yukon's representative. I had the duty of drafting, with the approval, support and assistance of the Hon. Charles Stewart, then Minister of the Interior, the bill which was enacted by this parliament and became the law of the Yukon, known as the Yukon Quartz Mining Act. To arrive at the terms of those acts as to both placer gold mining and lode mineral mining, meetings of the miners, both employers and employees, were held all over that territory, of men who came from all parts of the world where mining is done. Their views were heard and their suggestions taken and boiled down, and out of those conferences these acts of parliament became the law of the land.

The principal mining business of the Yukon is the mining of gold, as well as the mining of silver and lead. Last year the Yukon produced 108,077 ounces of a monetary value of $3,782,726, an increase over the year before of 17,568 ounces, of a value of about $615,000. The total amount credited in the public accounts of Canada to the Yukon as having been collected as royalties on gold mines up to March 31, 1940, amounted to $5,197,123.

Originally a royalty of 10 per cent on the gross output of gold was charged. That was afterwards reduced to 5 per cent, and the rate is now 2½ per cent on the gross output. The royalty is now paid by the transfer of the gold into cash at the various banks, and the banks see to it that the royalty is paid. Formerly gold was collected by royalty collectors who went from mining claim to mining claim and collected the gold in specie, gold dust, gold nuggets and gold.

Knowing the conditions that existed up in that country at that time and the strange things that happened under the midnight sun, I feel that there was a great deal collected that never found its way into the books of the receiver general of Canada, and that if all the royalties on gold collected had gone into the public accounts and into the public treasury, the Yukon would be credited with an amount far greater than $5,197,123.

Extensive deposits of galena ore are known to exist in the Yukon, galena being a combination of silver and lead, and many millions of dollars have been produced in mining that area. The chief operator in silver lead mines is the Treadwell Yukon corporation which has mined with great success and profit and paid the federal government substantial returns in taxation based on profits.

The system of taxation on lode mines is a graded system of taxation on profits. On placer gold the tax is on the gross output, regardless of profit or loss. That company buys hundreds of thousands of dollars worth of Canadian goods and pays substantial sums into the federal treasury in excise and customs duties. But the Yukon does not get credit for that, because the great bulk of its purchases are made at the city of Vancouver and that port of customs gets credit for them. These things are overlooked when people remark as to whether the Yukon is a bill of expense or profit to the dominion. Those of us in the Yukon who can be classed as old-timers appreciate the improved conditions in that territory, not only in the system and methods of government but in the conditions of life generally. We have seen transportation in that country progress from the dog team and canoe to steamboats and railways, and now we have a splendid aeroplane service carried on by the British-Yukon Navigation company, a British company with a fleet of passenger boats, a railway, and a fleet of up-to-date aeroplanes.

The Yukon also produces a considerable amount of fur, upon which, too, the government levies a tax.

Lode mining in Yukon began on an extensive scale as late as 1939, when the first gold brick was poured. In 1940, 1,147 ounces of gold were produced by that method. The remoteness of the country and the expense of equipment have made capital slow in investing in that far-distant land, but I have no doubt that eventually lode mining will be one of the great industries of the Yukon. In passing, I should like to pay a tribute to one gentleman of the geological survey parties which the minister sends up to the Yukon each year, namely, Doctor Bostock, who is most attentive and considerate in his attitude towards the miners in that country. He spares no time or effort in visiting and examining mining properties, giving the prospectors valuable advice as to formations and methods. Speaking for Yukoners, I may say that they are always pleased to see him come.

By those not familiar with the facts, the Yukon has been looked upon as nothing but a bill of expense to Canada, without adequate revenues and returns. In the early days that may have been true; but even then, if credit had been given for its value as a market for Canadian goods, and the government's returns in gold royalties, customs and other sources of revenue had been taken into

account, I am of opinion that it would not have been in the red on that account. To-day the Yukon undoubtedly pays its way so far as the cost of administration is concerned.

The public accounts show that the federal revenues in the Yukon during the past fiscal year amounted to $349,252. In addition to that, the revenues of the territorial government were $153,485. The federal government expended $478,310, showing a surplus, taking into account the two governments, of $24,427. In addition to that, the federal government has large revenues from the Yukon business from which the Yukon gets no credit. As I said before, the Yukon buys the bulk of its goods in Vancouver. Let us for a moment take the approximate figures for four of the chief buyers of goods in the Yukon. First, the Yukon Consolidated Gold Corporation, an English company mining placer gold in an up-to-date way, paid last year, on goods purchased in Canada and imported to the Yukon, sales and excise taxes of $60,000 and cutoms duties of $30,000, plus income tax for which I have no figures; and last year they paid out $1,260,300 in wages in that territory. The sums of $60,000 and $30,000 which I have mentioned were paid to the collectors of taxes at Vancouver, British Columbia, and not into the Yukon. Take the Treadwell Yukon Corporation, a silver-lead mining company They paid in the same year in the same sort of taxes, $80,000. One firm of merchants having trading posts throughout the territory paid in the same sort of taxes, $10,000. In the case of another commerical company I have the figures for only two of its depots, where it paid in taxes, $32,410. The total in respect of the four companies I have mentioned is $212,410, all from Yukon companies, and all paid into the treasury through the port of Vancouver, British Columbia. I am confident that on careful examination a much larger amount could be credited to the Yukon; probably it would run as high as $300,000.

Or consider the figures of collections made in the Yukon. For the past fiscal year the customs, excise and income taxes amounted to $214,160. For the last fiscal year the income tax was $90,530, and for the nine months of the present fiscal year, 1940-41, it is $181,171, an increase of over 100 per cent in the nine months of this year. Post office revenues have increased steadily in each of the past ten years. Yukoners import all their clothing, all their machinery, all their tools, most of their timber and practically all of their food. They produce little but gold, silver, lead and fur.

The cost of all federal services in the Yukon is played up in the public accounts. For instance, if you turn to the item which the committee will be considering before long, namely, the expense of administration of the Department of Indian Affairs, you find that it cost Canada this year $5,465,187. Of that amount, the cost of maintaining Indians in the Yukon was less than $50,000. No particular mention is made of what it costs in the various provinces, but the Yukon is singled out as a horrible example of government expense.

Turn to an item in the estimates for the maintenance of a telegraph service. It is listed, northern British Columbia and Yukon, $129,508. Inquiry shows that $107,508 is spent in British Columbia and only $22,000 in the Yukon.

Or take the federal grants for mining roads. Last year they amounted to $1,208,920. Where did that money go? Quebec got $245,000; Ontario, $245,000; British Columbia, $240,000; Manitoba, $210,000; Saskatchewan, $130,000; the Yukon, less than $40,000.

Hon. members may have observed that I have made these rather voluminous notes on material which comes to me through the mail from the director of public information. In passing, may I remark, with all due respect, that the money which is expended on the department of public information is not well spent. Reams of so-called information come through the mail to every hon. member, although any items of interest may be found in the daily newspapers or heard over the radio. In my opinion it is a waste of money, salaries, time and material.

Another project which is of great interest to the Yukon is the Alaska highway. Various routes have been reported on to this government by an international committee. It is estimated by that committee that the cost of the Canadian section will be $25,000,000. That is for an unpaved, dirt road. Any hon. member who has had experience in government expenditures knows that when they say it will cost $25,000,000, you will not be far wrong if you say that it will require double that amount, or $50,000,000. We have had experience of the great difference between the estimates of what a public work will cost and what it actually costs. Older members will recall the estimates submitted for the construction of that famous bridge across the St. Lawrence. It cost millions more than was estimated. Take the construction of what is now the Canadian National Railways. At the outset, that was not estimated to cost Canada much more than $15,000,000. Everyone knows that it cost hundreds of millions, and to-day we have unfortunately an unnecessary duplication of railway service over thousands of miles of the country. All the traffic, passenger,

freight and express could be handled by one road. Take another instance of estimates being away under actual cost of construction. Take that monument to unnecessary and ill-advised expenditure, the Hudson Bay railway. That was not going to cost much. What has it cost?

With regard to the Alaska highway, we should not lose sight of the fact that the mileage of that road through Canada—British Columbia and the Yukon—will far exceed the mileage necessary to build the Alaska road. The road when built must of necessity go through the Yukon. As a Yukoner, representing the Yukon in this house, I might be said to be disloyal to the Yukon if I did not advocate the building of that road. But, as a Canadian, I say that the money of the taxpayers should not at this time be spent on that project, nor should money be spent at this time on the completion of the railway terminal at Montreal. Neither project will help in winning the war; and unless we win this war, what use will any of these projects be to any of us? If the United States want a highway to Alaska across British Columbia and Yukon, and are willing to bear the expense of building and maintaining it, I am all for it. Let them come. Encourage them to come and do it. In view of the friendly relations which now exist, and which have existed for so many years between that great republic and Canada, which friendly relations, I am free to admit, have recently been so palpably strengthened and further cemented by the diplomacy of the present Prime Minister of Canada (Mr. Mackenzie King), Canada should not hesitate to allow the United States at their own expense to construct and maintain that highway across western Canada to their territory of Alaska.

In normal times, with prosperity prevailing in Canada, I would not make that suggestion. I should prefer to have Canada build and maintain the Canadian section of that road. There is, however, no discounting the fact that we have not now the money with which to do it. It may be said that Canada is prosperous. Perhaps it is by comparison with some countries of the world, many of which, instead of enjoying prosperity, are enduring slavery, degradation, poverty, misery and want under the heel of their savage conquerers. If it is suggested that Canada is prosperous, we know it is to a large extent false prosperity, built on the exchange among our people of huge sums of money being taken away from them in many forms of taxation, and some paid back to them for lands, goods, high salaries, services and labour said to be needed in this war. That spending has created a boom; but there will come an end to all that, and we should face the future and anticipate the return to normal life and business. Meantime, I say that, apart from war expenditures, only those expenditures that are absolutely needed should be made now. The construction at this time in Canada by Canada of the Alaska highway is not one of those necessary expenditures.

For a moment may I refer to the recruiting campaign. The Minister of National Defence very properly suggests that members of parliament should help. They should help, and I for one will help. But when one approaches a young healthy man of war age and suggests that he should join the army, the navy or the air force, and one gets this reply: "I will, if John Doe or Richard Rowe or somebody else will, but why should I go and let them step into my job that pays me well, while I go and fight for them?"—that is a hard question to answer. The word "conscription," meaning compulsory military service, is taboo. Why? Every member of this house knows why. It is for political reasons and nothing else. Leaders of both great Canadian political parties in the last election pledged those parties against conscription; but notwithstanding the fact that the leader of the party I have supported took that attitude, I did not hesitate during that campaign to say publicly, as I say now, that in my opinion the only fair and just way to raise an army is by compulsion. Capital owes a debt to the state. It is compelled by law to contribute the sinews of war; it is compelled by taxation. It would be as reasonable to say that only those who volunteer to do so should pay income tax. The payment of income tax, the payment of any tax, is the performance of a duty to the state, the payment of a debt to the state. All fit young men in Canada owe to the state a debt which can be paid only by their entry into the fighting forces. If they join voluntarily, so much the better; all honour to them for it. But if they fail in that duty, if they fail to pay that debt which they owe their country, they like the taxpayer should be made to pay. It is manifestly unfair to carry on recruiting in any other way.

I was glad to hear the Minister of Agriculture the other day declare among other things that conscientious objectors will be put into labour camps. I suggest to him that he ought to go further. I suggest that conscientious objectors so-called, Doukhobors, Mennonites, Hitterites and Dunkers, should be disfranchised federally, provincially and municipally; and when the time comes, their property acquired in this free Canada of ours

should be taken from them at a fair price, and they should be sent back to the country whence they came. I do not think there is such a thing as a conscientious objector. That is a hypocritical objection. I suggest to the minister that in supplying these so-called conscientious objectors with picks, shovels and board and lodging, he equip them with foot-warmers. It is their cold feet that bother them, not their consciences.

To get back to the Yukon, we have there a splendid system of public schools, good hospitals, enough churches. The people have comfortable homes and fine families. On the whole, the people are industrious, prosperous, happy and contented. They realize that they are going through this life only once, and what they have here they cannot take with them, so that they make the best of it while they have it. I must pay a tribute to the women of the Yukon. Even in normal peace times the consideration they show those in need because of illness, old age or hard luck is remarkable. In this war, as in the last, they have been doing magnificent work in the Red Cross and the Imperial Order of Daughters of the Empire, and have made large quantities of useful clothing and sent them to Canadians overseas and to the suffering people of England. I am happy to say that, per capita, the Yukon purchases of war savings certificates were greater than those of any province in the dominion.

In passing, may I say a word about that splendid force, the Royal Canadian Mounted Police. Ever since the Yukon was the Yukon, that is the force in which the people have had unbounded confidence and to which they have looked up as being responsible for law and order prevailing in that territory. They exercise their power in a commonsense way and with discretion.

Although I sit on the left of Mr. Speaker, I believe in giving credit where credit is due, and I congratulate the Minister of Mines and Resources and those of his staff who take part in the administration of the government of the Yukon. It is an economical business-like government and a pattern for many if not all of the provincial governments. In fact, the dominion government might very well take a leaf out of the Yukon book as to methods of government. For the most part the Yukon government gets a dollar's worth for every dollar spent, and I doubt whether many members of this house can say that is so of governments in those parts of Canada from which they come. I support the minister's motion to vote this sum, and I only regret that it is not a much larger one.

Amendment agreed to.

Mr. CRERAR: I should like to make a brief remark on the point raised by the hon. member for Rosetown-Biggar when the item was called. Hon. members are aware that the federal government does not pay old age pensions. Old age pensions originate in the provinces and are paid by the provinces, and the federal government makes a contribution to the amount paid.

Mr. MacNICOL: Of 75 per cent, is it not?

Mr. CRERAR: Yes, 75 per cent. If, for instance, there were a province that did not initiate and pay old age pensions, no old age pensions would be paid in that province by the federal government. The Yukon territory is in a sense similar to a province. It has a territorial government which operates under an act of parliament, and it is really a matter for the Yukon territorial council, which is an elective body, to initiate old age pensions. It has the power to do so, I understand, should the council in its wisdom decide it to be advisable.

Mr. MacNICOL: And if it did, the federal government would make the same contribution of 75 per cent?

Mr. CRERAR: I have no doubt the federal government would make the same contribution.

I appreciate very much what the hon. member, who represents in this house,—very worthily, may I say,—the Yukon territory, has said this evening. I value the compliment he has paid to the Yukon administration. It is due almost entirely to the character and efficiency of the officers of the department who have to do with the administration. We endeavour, so far as possible, to have that administration efficient, economical and worthy of the territory. Usually we get brick-bats from the opposition instead of bouquets; to-night I have had a bouquet, and I thank my hon. friend for it.

Item as amended agreed to.

135. Lands, parks and forests branch. Eastern arctic expedition, $25,700.

Mr. MacNICOL: Does this item include the cost of sending the *Nascopie* into the Arctic?

Mr. CRERAR: Yes. My hon. friend has stated correctly what the item is. It is to care for disbursements in sending the *Nascopie* to the far northern and eastern arctic, which is done once every year.

Mr. MacNICOL: Does the *Nascopie* carry geologists or mining engineers to survey or discover evidences of mineral along the trip?

Mr. CRERAR: Not many mining engineers or geologists make the trip on the *Nascopie*. I believe there have been a few occasions when that has been done. There are studies conducted by scientists in other fields, and they of course make their journey to the eastern arctic by this boat. In addition, the boat transports the mounted police who may be going to relieve detachments which have been on duty at the various outlying posts, takes in supplies, medical doctors and nurses who may be going to replace others coming out. It is the general service for all the government departments in the eastern arctic that comes under this vote.

Item agreed to.

134. Lands, parks and forests branch. Government of the Northwest Territories—general administration, operation and maintenance of services, including Wood Buffalo park, $266,655.

Mr. MacNICOL: On page 111 of the estimates where we find the statement of how the item is made up, the first item reads:

Superintendent, Mackenzie district, Northwest Territories and secretary, Yukon affairs.

Why is the secretary, Yukon affairs, not tabulated under the other item, *137*, which pertains to the Yukon?

Mr. CRERAR: I am advised that the reference to Yukon affairs there is due to the fact that the secretary performs dual functions. We have head office administration for the Yukon territory as well. This official who is described as secretary for the Northwest Territories performs somewhat similar functions in respect of the Yukon administration.

Item agreed to.

Progress reported.

It being three minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Tuesday, June 3, 1941.

The house met at eleven o'clock.

VICTORY LOAN

INQUIRY AS TO PROPORTION OF PROCEEDS TO BE USED FOR WAR PURPOSES

On the orders of the day:

Mr. H. R. JACKMAN (Rosedale): I should like to direct a question to the Minister of Finance (Mr. Ilsley). I have received a telegram from Toronto reading as follows:

Prospective investors are asking what proportion of the new war loan is to be used by the government for war purposes. To clarify this point would you please ask Mr. Ilsley for a definite answer so that the facts will reach the public through the press.

Mr. CRERAR: Whom is it from?

Mr. JACKMAN: From a gentleman in Toronto. If the hon. gentleman wishes his name, I can give it.

Mr. CRERAR: I think my hon. friend should give the name.

Some hon. MEMBERS: Name.

Mr. JACKMAN: The wire is sent by Gordon Perry.

Hon. J. L. ILSLEY (Minister of Finance): My hon. friend gave me notice yesterday of this question, and in reply I may assure him that the total cash proceeds of the new victory loan will be used for war purposes. For the fiscal year ending March 31, 1942, the ordinary expenditures of the government of the Dominion of Canada are estimated at $468,000,000, including $35,000,000 for wheat acreage reductions. The total ordinary revenue is estimated to amount to $1,400,000,000, which means that Canada is raising from current taxation about three times the government's ordinary expenditures.

We are spending more than this great taxation surplus over ordinary expenditures on the war effort; in fact we are spending on direct war effort a total of at least $1,300,000,000. Total expenditures on behalf of Canada are thus at least $1,768,000,000. In addition we are sending vitally needed supplies from Canada to Great Britain, which Great Britain is unable for the time being to pay for with Canadian dollars. This will add approximately $800,000,000 to our burden after deducting the amount of our own exchange deficit with the United States. Our government must provide the Canadian dollars with which to pay our workmen, farmers, miners, transport workers, et cetera, for the cost of producing these supplies which are so urgently needed. Or to put it another way by expressing it in percentages.

Canada's total expenditures, including aid to Great Britain, for the year ending March 31, 1942

	Per cent
Ordinary expenditures	18
War expenditures, including vital supplies to Great Britain	82
Total ordinary and war expenditures, including vital supplies to Great Britain	100
Where the money comes from	
Taxation	54
Victory loan, war savings certificates, et cetera	46
	100

If we do not include the net figure of $800,000,000 for vital supplies to Great Britain, then Canada is financing both its ordinary and its war-time expenditures by current taxation to the extent of 79 per cent.

Mr. HANSON (York-Sunbury): That is, the two combined make up 79 per cent? Seventy-nine per cent of the combined war and ordinary expenditure is made up from taxation. That should be clear.

Mr. ILSLEY: We are meeting out of revenues our total ordinary peace-time expenditures, plus our war-time expenditures, but not including assistance to Great Britain, to the extent of 79 per cent. It must thus be obvious to all that as Canada is raising in taxes three times its ordinary expenditures, every dollar raised through the victory loan is a dollar which will be directly devoted to war purposes.

In what I have just said I have been speaking of the cash portion of the victory loan. As the house knows, we are also making a conversion offer to holders of dominion 5 per cent national service loan bonds which mature on November 15, 1941.

CITY OF TORONTO

REQUEST WITH RESPECT TO REPRESENTATION IN CABINET OF BUSINESS AND COMMERCIAL INTERESTS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I would like to ask the Prime Minister (Mr. Mackenzie King) if he will be kind enough to give consideration to the following. From the business and commercial standpoint, the city of Toronto at present has no direct representation in the cabinet. This may not be a matter which a private member should bring up, but the Prime Minister's family have had a very long and close association with the public affairs of that city, his grandfather having been its first mayor. The city is the commercial and industrial metropolis of Canada, a leader in war work, recruiting, patriotic activities of all kinds, and a large subscriber to war loans. True, the hon. Postmaster General (Mr. Mulock) was born and bred there and his distinguished grandfather has done a great deal for the city, but the Postmaster General does not represent a Toronto seat directly, and in the past we have at times had two or three ministers in the cabinet representing the city. Will the Prime Minister give consideration in the contemplated cabinet changes to giving our city increased representation in addition to our present representative?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I thank my hon. friend for his kind personal references, and I shall be only too pleased to consider what he has said. But his remarks call to mind something I once heard Sir Wilfrid Laurier say when representations were made to him from Ontario, and particularly from the city of Toronto, respecting the cabinet. Sir Wilfrid Laurier replied, "You good people from Toronto want me to have a cabinet of angels, but you do not send me angels to make a cabinet of."

RED DEER POST OFFICE

REFERENCE TO MOTION FOR PAPERS PASSED ON MARCH 5

On the orders of the day:

Mr. F. D. SHAW (Red Deer): Mr. Speaker, some weeks ago the house passed a motion which I moved for the tabling of correspondence relative to the Red Deer post office. With the permission of the house I ask leave to withdraw that motion.

INCOME WAR TAX ACT

The house resumed from Monday, June 2, consideration in committee of Bill No. 87, to amend the Income War Tax Act—Mr. Ilsley—Mr. Vien in the chair.

Sections 1 to 4 agreed to.

On section 5—Repeal of paragraph (c) of section 3.

Mr. HANSON (York-Sunbury): Wait a minute, Mr. Chairman. I was in conversation with the Minister of Finance over an important matter when the Chairman was calling the sections, and I desired to have something to say on section 1. But first may I be permitted to make some interrogatories of the minister with regard to the subject matters to which I alluded yesterday on the second reading. If the minister is not able to give the information now, or if he prefers to deal with the matter at a later stage, it will be satisfactory to me.

At no stage of the proceedings has the Minister of Finance placed on the record a statement of the net amount which would be payable to each of the provinces under alternatives (a) and (b) of his proposals to the provinces if they vacate the income tax fields. The minister must have some calculations based on the fiscal year ended March 31, 1941, or, if these are not complete, at least estimates based upon provincial financing for the fiscal year ended March 31, 1940. The house and the country should have this information.

In his budget speech the minister stated that the net increase to the dominion from the changes proposed in the personal income

and corporation taxes after making required payments to the provinces would be approximately $90,000,000. I think that is a correct statement of the position. The committee should also have information as to what the gross increase would be before the payments to the provinces are made, and an estimate of the amount which it is anticipated will be paid to each of the provinces. If the minister will give that information at a later stage, I shall be grateful to him.

What sections did you call, Mr. Chairman?

The CHAIRMAN: We are on section 5 now. I called the other sections and members called "carried".

Mr. HANSON: Oh, no. I ask the committee to revert to section 1.

The CHAIRMAN: Is it the pleasure of the committee to revert to section 1?

Mr. HANSON (York-Sunbury): There are certain matters that ought to be discussed. We cannot rush this bill through as quickly as that.

The CHAIRMAN: Order, please. I must as chairman of this committee resent the expression "rushing the bill through". I have been very careful not to rush any bill through. I am trying my best to give every member of this committee the opportunity to speak, but it is my duty as Chairman to expedite the work of the committee to the best of my ability and in conformity with the rules of the house. I have already had occasion to draw the attention of the hon. leader of the opposition to the fact that implications of this kind are out of order. I have called each individual section. Hon. members of the committee have called "carried". Nobody objected, and we are now on section 5. If it is the pleasure of the committee to revert to section 1, then of course I am in its hands. I am the servant of the committee. But I do not believe it is fair to imply that we are rushing the work of the house, in the way the leader of the opposition has suggested.

Mr. HANSON (York-Sunbury): Well, after that interlude, and—

The CHAIRMAN: Again I object; it is not an interlude, it is a ruling. That was an improper remark on the part of the leader of the opposition.

Mr. ILSLEY: I suggest that with the consent of the committee we go back to section 1. I am not criticizing your ruling, Mr. Chairman, because it is desirable to get ahead with these sections as rapidly as possible. Perhaps, however, I was to blame in occupying the attention of the leader of the opposition while the sections were being called. I did not realize I was doing so, but certainly I should not want anyone to think that the sections were being carried without full opportunity for discussion.

The CHAIRMAN: Mr. Ilsley moves that the committee revert to section 1. Is it the pleasure of the committee to adopt the motion?

Motion agreed to.

On section 1—Rates applicable to all individuals.

Mr. HANSON (York-Sunbury): Mr. Chairman, I regret that occasion arose for you to speak to me in the way you did. I had no intention of course of reflecting upon the Chair. But the Minister of Finance did come over to see me on a matter of some importance, and while the work of the committee was proceeding we were engaged in a discussion. I did not personally realize that sections of the bill were being called. Otherwise I would have been discourteous enough to the minister to rise immediately and make my observations. Let us start over again. I have no objection at all to the passage of sections 1, 2 and 3, but I do wish briefly to discuss section 4.

Mr. CHURCH: I have a point in mind which has reference to sections 1 and 2. I refer to the commitments which have been undertaken by some of the smaller groups who are subject to income tax, and I object to the increases in schedule A as they apply to these groups. Since the budget of 1940, and the taxes enumerated in the schedule appended thereto, many people have made commitments to build houses. I strongly dissent from the opinion expressed yesterday by the hon. member for Parkdale respecting housing in Toronto. As to slums in Toronto we have few now. The public utilities, the civic transportation facilities and good roads have made possible the building of small houses in Toronto and district at small cost.

In my opinion reconsideration should be given to schedule A, for the benefit of workers who have already made contracts for building or buying houses. It is a grave mistake to make jumps in taxes such as are here indicated, and which affect small wage-earners. Their commitments on mortgages and insurance premiums are already burdensome, to say nothing of heavy taxation. We have now in progress a campaign for victory loan subscriptions—and what it will cost, I have no idea. But about 70 per cent of the people in greater Toronto cannot subscribe to it, because of the heavy load I have mentioned, although they are anxious to do their part and subscribe in a small way.

Many of the persons affected are soldiers. If there were a postponement of the payment of mortgage commitments and insurance premiums where they have been regularly paid for years, at the same rate as the victory loan instead of 7 per cent, then they would subscribe. They are anxious to do so, because some of them are serving on victory loan committees. We hope this loan will go over the top, but we also hope that the revenue collected from people in receipt of the smaller incomes will be commensurate with the commitments they have made. I should like to have a reply from the minister, because at times he has not been unfriendly to the people I have mentioned, the small wage earners.

Mr. ILSLEY: This matter was fully debated when the resolution was before the committee, and also in the debate on the budget. I have no further observations to make now.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—Earned income.

Mr. HANSON (York-Sunbury): Paragraph (m) defines "earned income," and included in the paragraph is the expression "indemnities or other remuneration paid to members of dominion, provincial or territorial legislative bodies or municipal councils." By express direction the indemnities paid to members of parliament are included in the category of salaries and wages. I dissent from that principle. I do not wish it to be understood that I am arguing for exemption from national taxation, either with regard to income tax or national defence tax, as they apply to the indemnities paid to members of parliament. That is not so at all. I say that from the very beginning, from away back in 1917, members of parliament have been glad to pay the imposts levied upon their indemnities. My objection is that the paragraph is based on an improper and unconstitutional theory. Indemnities are not wages paid to members of parliament. They are, in fact, indemnities, as indicated in the act under which they are paid. Therefore I say it is wrong in principle to tax, as salaries or wages either for income or national defence tax purposes, the indemnities of members of parliament. But in order to keep the position absolutely straight I suggest the ministry should follow the principle enunciated when salary deductions were made in 1931. At that time members of parliament were the first people in the public service to take the deduction of 10 per cent on their indemnities. It was done on the theory that the crown would be authorized so to do by the people's elected representatives, who are not employees of the crown; they voluntarily relinquished 10 per cent of their indemnities for the good of the country.

I suggest therefore that the minister should correct the position indicated in this paragraph. He should maintain the constitutional position of members of parliament, and should take the authority, which will be given with the greatest good-will by members of the House of Commons, and, I am sure, of the other place, to put into effect what I conceive to be the correct constitutional principle. If part of these indemnities is to be allocated to the service of the state, then I suggest that it be done by way of a bill to deduct from the indemnities of members of parliament the income and national defence taxes applicable. But the indemnities ought not to be taxed on the theory that members of parliament are employees of the crown.

I expressly repudiate the suggestion contained in the Income War Tax Act that we are in any sense the employees of the crown. If one were to carry that a little farther he would reach the logical conclusion that we are also employees of the present government, and I expressly dissent from that idea. I am satisfied that if any private member thinks the matter through, and studies the constitutional aspect of the question he will agree that we are the representatives of the people under the constitution, and we are not here as employees of any government, no matter what its political stripe may be. This is a question of principle. It is not a matter of great consequence from the point of view of dollars and cents; that is not the point at all. But to say that we are employees of the crown is a false doctrine and we should not for a moment tolerate it in any legislation on the statute books.

I suggest to the minister that even if it is late in the session he consider adopting the principle that the taxation of members of parliament should be on the theory, not that we are employees of the government or of the crown, but that we are the elected representatives of the people and that we voluntarily submit to a deduction from that indemnity which parliament in days gone by saw fit to grant to us. That is the principle I am contending for. Simply by putting a clause in an act of parliament you cannot make me an employee of the crown. That is not the principle of democratic government. That is hoisting yourself by your boot-straps; it is saying that black is white.

We all agree that we should be taxed. No one for a moment has offered the suggestion that we should not be taxed as other people are. In fact we desire to set an example to the rest of the public in bearing our fair share of taxation, but let us put it on the

proper principle and not on a theory that is false in fact and false under the constitution of the country.

Mr. O'BRIEN: In view of the fact that I raised this question when the matter was in the resolution stage, I am pleased that the leader of the opposition has presented the same view to the committee and has substantiated my remarks. Therefore I have nothing more to say except to ask the minister to see that the anomaly is corrected, as the leader of the opposition has urged. Parliament had the power to legislate as it did in regard to this matter, but when parliament did so it committed constitutional suicide, and I submit that we should now take our position once more on firm ground.

Mr. CHURCH: Earned income, as defined by section 4, is not earned income at all; in some cases not half of what can be classed as income is ever received by the earner when you allow for deductions that have to be made by the person earning it. The new income tax principle is very unfair. One of the main provisions is section 4 which gives the definition according to the officials. While I have great admiration for these officials, I submit that it is the function and the duty of parliament to revise these clauses. Under the law to-day, all that we can do is to perform a post-mortem, because we cannot change one word of Bill No. 87. Not one word can be altered by the representatives of the people, who are responsible to them for this bill. In Washington it is different. There they discussed income tax and revenues for months before the budget of the secretary of the treasury, Mr. Morgenthau, was adopted; they can make any changes they like. If we cannot make any changes we may as well pass the bill holus bolus and take the definition of earned income given us, which means salaries, wages, fees, bonuses, pensions, superannuation allowances, retiring allowances, gratuities, honoraria, and the income from any office or employment of profit held by any person, and so on. In some cases under this section as much as fifty per cent of the earnings from these sources has been taken away, and the earner does not get it at all, yet he has to pay on the full sum, not the net. Our system of taxation is most unfair. It is robbing Peter to pay Paul. I am in favour of income tax and always have been, but I believe the principle of this section giving the definition of earned income is unfair. The same is true of the section with regard to investment income. Certainly some part of it should be allowed for deductions now not considered in the matter.

[Mr. R. B. Hanson.]

Mr. NEILL: Now that this matter has been introduced I would call the attention of the committee to another aspect of it. With very few exceptions, I believe, we all agree that income tax is a fair tax. Provided I get an income I am willing to pay a tax on it, whether that tax be large or small; but I do object, and I believe other members will share my view, to being taxed on income which is not received. Many years ago the then minister of finance put an amendment into the act—I have not got it before me now—expressly stating in so many words that if a person is away from home in the pursuit of his business and incurs any expense in connection with travelling, or board and lodging, he is entitled to deduct that sum from the gross profits of his business, in the same way that you are allowed to deduct the wages of people you employ. But when it comes to members of parliament that principle is not employed. We are taxed on the full amount of $4,000. Does any member suggest that he gets $4,000 net indemnity? The idea is ridiculous. I employ a stenographer at home solely in connection with political work, and I have other expenses while travelling in the district. If I were running a store I would be allowed to deduct those expenditures, but because I am a member of parliament they are not allowed.

The language used is "business or occupation". A number of years ago I took this up with the proper official and he said I was not eligible to deduct anything whatever because my status was neither that of a business nor that of an occupation. I asked him if he would tell me what it was if it were neither of these, and he said it was an honour. But you cannot live on an honour. The province of British Columbia does allow a certain amount to be taken off. It used to be $2,000. One was allowed to deduct that, just as a man running a blacksmith's shop is allowed to take off expenses. Later on the province reduced that allowance. It was a flat rate and did not go into details; it simply said $2,000. Since then they have reduced it to $1,000. That is an admission of the principle of the thing. We are no longer able to obtain that reduction there because income tax has been surrendered in that province.

I would not have brought this matter up because it might look as if we were trying to get something for ourselves. Now that it has been brought up, however, it is only right to point out to the Minister of Finance that we should be allowed either a flat rate or such an amount as we can substantiate without any shadow of doubt as expenses incurred in discharging our duties

as members of parliament. It is not only the amount of indemnity that is involved, but if you have private means added to the indemnity that puts the rate into higher brackets, which increases the tax paid. Tax us all you like on a percentage basis, but do not tax us on something we never get or see. Tax us on our net income from being a member of parliament the same as you would tax us on the net income from being a storekeeper or anything else.

I concur in the view taken by the leader of the opposition, but that is on a somewhat different line. I suggest that we should be allowed either a flat rate in consideration of expenses incurred in obtaining this income, or else a certain amount by vouchers submitted.

Mr. ILSLEY: The leader of the opposition objects to having indemnities classed as earnings of an employee. I do not think they are so taxed. The section before the committee, 4(m), contains an exhaustive definition of "earned income"; it enumerates various varieties of earned income or what the act shall consider as earned income. It does not purport to bring them all under the heading of income of employees. The first few lines seem to relate to salaries, wages, fees, bonuses and so on, but it contains such words as "pensions, superannuation allowances, retiring allowances, gratuities, honoraria", and so forth. The middle part of the section is still farther away from any idea of wages or income of an employee, because it deals with the earnings which a person derives from the exercise of his trade, vocation or calling, and then finally the latter part of the section makes it clear that the definition extends to "indemnities or other remuneration paid to members of the dominion, provincial or territorial legislative bodies or municipal councils". I am unable, therefore, to appreciate the argument that in some way the indemnities are being branded as wages or salaries paid by the government to employees of the crown. I do not think that is so. They are simply swept within the definition of earned income, but without any legislative expression of opinion as to whether they are in the nature of wages of employees or not. There is no implication that they are that I can read into this section.

With respect to the argument of the hon. member for Comox-Alberni, there is much to be said for it. It is very hard to know just where to draw the line between living expenses which can be allowed as deductions from gross income for income tax purposes and living expenses that should not be so allowed. Parliament, in its wisdom or otherwise, has decided that the travelling expenses, including meals and lodging of persons travelling in connection with their trade or business—

An hon. MEMBER: Or occupation.

Mr. ILSLEY: —while away from home in pursuit of a trade or business, shall be permitted as deductions. But of course it is a principle that should not apply generally. It could not, for example, be applied to a person who is working at home. He has lodging and living expenses, but it would never do to permit him to deduct those from income for income tax purposes, because the income tax is upon the income which he receives for the purpose, among other things, of meeting his living expenses. As I say, it is hard to know where to draw the line. It has always been the law since the inception of the income war tax act that sessional indemnities are income and taxable as income, and that no deduction is allowed for the cost of meals and room in Ottawa any more than deduction in respect of living expenses is allowed for the great mass of the population of the country.

Mr. NEILL: And what about travelling?

Mr. ILSLEY: Travelling expenses are pretty well provided for by statute. The statute provides a fairly generous allowance for travelling expenses, at least for one trip here and one trip back.

Whatever the abstract or theoretical rights in the controversy may be, it would be thoroughly impracticable for us and undesirable to make any change of this kind at the present time or under existing conditions.

Mr. O'BRIEN: I should like to refer to a paragraph of a letter I received from an official of the national revenue department dated July 29, 1940, when I asked a question last year for information. He says:

> As the elected representative of the people in the constituency of Northumberland, New Brunswick, you receive an "indemnity" which is paid by the dominion government. Under the definition of "employee" referred to above you are therefore an employee of the dominion government and as such you personally should file two copies of form N.D.T.1 with the representative of the treasury, House of Commons, Ottawa, so that the proper amount of national defence tax may be deducted from the moneys payable to you.

Therefore there seems to be a difference of opinion between the Minister of Finance and the Department of National Revenue.

Mr. ILSLEY: From whom did the letter come? Is it the local office?

Mr. O'BRIEN: No.

Mr. ILSLEY: The dominion office?

Mr. O'BRIEN: Yes.

Mr. NEILL: The Minister of Finance has taken a very narrow view of the argument I used, in confining it to meals and hotel. There are other expenses such as I enumerated, the cost of a stenographer and so forth; and as regards travelling he has surely forgotten the days before he was a cabinet minister when he talks about the expenses being fully or even reasonably met by the allowance to come to Ottawa once a year. I suppose my travelling expenses in covering my district throughout the year will reach $300 or $400, apart from coming to Ottawa, and surely he would not say that is amply provided for. That is hardly the position.

As regards all other income, you pay on your net income, not the gross. You are allowed to take off the cost of obtaining the income, and part of the cost of obtaining this income, or wage if you choose to put it on that low plane, is what I have spoken of.

Running all through the argument of the Minister of Finance on these bills, and apparently a prominent consideration in the minds of his advisers seems to be the trouble of administration. If it is easy to administer, slam it on; if it involves a little trouble, avoid it.

British Columbia finds a way of dealing with this. For many years they put a flat rate on; they used to allow us $2,000 a year in recognition of the cost of being a member of the dominion parliament, and then we paid income tax in the province on the remaining $2,000. They have since reduced that to $1,000, and now it will disappear altogether. A flat rate is a simple way of doing it, and it would be a recognition of the situation. I remember hearing Mr. Bennett say in this house that he paid his income tax gladly. I would hardly go so far as that. I pay it willingly, but I do not like paying income tax on something which is not income. I believe we should pay on net instead of on gross remuneration.

Mr. HANSON (York-Sunbury): I can hardly go as far as the hon. member for Comox-Alberni. I do not think I should ask the government to allow a deduction for the food I eat; but certainly there is a principle involved in connection with the indemnity of a member of parliament. Certainly he has to incur out of pocket expenditures that he would not incur if he were not a member of parliament. I am not going to labour the point; the hon. member has made out a good case and the minister has recognized that there is something in it, so that perhaps before another session something may be done.

[Mr. O'Brien.]

At the risk of incurring the indignation of hon. members who want to get this bill through I want to return for a moment to the other point. I object to being classed as an employee. It is true that under a technical construction of this act we are not declared expressly to be employees and therefore with earned income, but we are put in the same category, and that is not the theory of representative government in Canada. I suggest to the minister that we let it go for this year, but that between now and next session he give consideration to a recognition of the true position of a member of parliament, that he is here as a representative of the people under constitutional authority. He gets an indemnity against the loss that he sustains by coming here, and for other things of the kind; and we might be taxed by way of deduction from that indemnity just the same as the judges were taxed in 1931. Some of them, though not many, took the view that there was a contract in connection with their appointment and that therefore they should not be required to pay income tax. Parliament said, "All right; we will recognize the principle of that position, but we are going to deduct from the salary paid you by the crown 10 per cent as a contribution to the state." That was in a time of economic warfare. I am not sure just what the position is with respect to judges to-day; I have not looked it up, but I think there is some tax on them.

Mr. ILSLEY: They are subject to the payment of income tax.

Mr. HANSON (York-Sunbury): On the theory that it is a salary to an employee?

Mr. ILSLEY: The difficulty in connection with judges, under Mr. Bennett, was this. Mr. Bennett objected to reducing their salaries because he felt they should not be subject to reduction, and he held the same view with regard to the salaries of officers and men in the armed forces. There was much to be said for that view, but on the other hand it appeared unfair to reduce the salaries of civil servants and the indemnities of members of parliament by 10 per cent, as was done, and at the same time leave the judges and those in the armed forces untouched. The constitutional position, or something akin to it, was preserved by another plan. A tax of 10 per cent was imposed on the salaries of judges and those in the armed forces, so that it could be said that their salaries having been given them for life, and the independence of the judiciary being extremely important, their salaries had not been reduced, but they were being asked to pay a tax.

Mr. NEILL: In view of the statement of the minister that he cannot see his way clear to consider the point I have raised, I would ask whether he would be in favour of withdrawing the allowance of $2,000 a year given each cabinet minister in lieu of an automobile?

Mr. ILSLEY: I do not think that is relevant to this discussion.

Mr. NEILL: I think it is highly relevant and clearly a case in point, involving your car versus my car.

Mr. HANSON (York-Sunbury): It may not be quite relevant, but this matter crops up from time to time and we might as well face the situation first as last. What was the position? Prior to the institution of this grant of $2,000 a year to cabinet ministers and the leader of the opposition, ministers of the crown were supplied free of charge with luxurious motor cars, and all kinds of expenses were incurred until it was felt that the cost to the country was exorbitant. The hon. member for Comox-Alberni says it was a scandal. Perhaps that is too broad a term to use generally, but I do think perhaps it approximates the position in certain instances.

Because of that fact it was determined to set up a new position. It was recognized that cabinet ministers and the leader of the opposition of the day—my right hon. friend the Prime Minister occupying that position at the time—should not be supplied at the public expense with a new motor car every year or every second year, with chauffeurs paid by the government, gasoline and oil bought by the government and all that sort of thing, but that they should be given a lump sum in lieu of the amount which had been expended in this way prior to that time. That was done, and I am satisfied that a decided saving to the treasury resulted.

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): I am sure there was a decided saving to the treasury, and the minister agrees with me.

Mr. ILSLEY: I have always understood there was a saving.

Mr. HANSON (York-Sunbury): I have no doubt about it. It would take quite a lot of trouble to demonstrate it mathematically, but I am quite sure it could be done. I recall the instance of a Speaker of this house who got practically a new car by way of repairs, and it was charged up to the government. I am not going to go beyond that, but that sort of thing did develop in isolated cases. I would not have anyone think I believe it was general, but in some instances it did develop into something approaching a scandal.

What is the position to-day? Cabinet ministers and the leader of the opposition are voted by statute the sum of $166.66 per month in lieu of a motor car. What does that mean? If you have not a motor car it means that you absorb it into your general income, which I do not think is right. But if you have a motor car; if you keep a chauffeur; if, as in my position, you have to rent a garage or garage space, you have nothing left. I have kept an account of this thing, and I know that I am distinctly out of pocket. If I did not receive this allowance I would not maintain a car in Ottawa, and I think I would be better off. Then when I went home I would drive my own car, as other people do. Let us be fair about this thing. This is intended to expedite the business of cabinet ministers and the leader of the opposition, and to do away with a position which to say the least was not satisfactory. If it is the desire of the House of Commons in war time that this allowance should not be made, I should be very glad to hear it. Then I would at once dispense with the services of my chauffeur and send my car home.

Mr. ILSLEY: That is the way I feel about it.

Mr. HANSON (York-Sunbury): But if it is the will of parliament that the Prime Minister of this country should have a motor car at the expense of the country—and I believe he should, or that he should have an allowance in lieu thereof—or that the Minister of National Defence, who has to travel a great deal, should have a car, or any of the other ministers, then I think this is a fair way of doing it. The Leader of the Opposition also has a position that requires him to travel a good deal, and in these cases I do not think it unfair to ask the country to make the contribution. If you pay a chauffeur $25 a week; if you pay your garage rent; if you pay the ordinary cost of maintenance, repairs and so on, you find that $2,000 does not begin to cover the expense, and you have nothing left for the depreciation of your car.

I think I have made a fair statement of the matter, and I hope hon. members will understand my position. So far as I am concerned, I am in the hands of the house.

Mr. FRASER (Peterborough West): Annuities should come under this section, because these are generally made up of part income and part capital. A man may work for a company or organization which does not provide a superannuation or a pension, and he may pay for an annuity out of his earnings over the years.

Mr. ILSLEY: It should be in unless it is included in the other, because it is not regarded as investment. I shall have a look at it.

Mr. McCANN: If one is to take at face value the observations which one hears from members of parliament, I think it can be said that there is not a single member of this house who does not object to his full indemnity being taxed. I am surprised that more objection has not been voiced at this time. I have no objection to any member of the government having a car allowance to the extent of $2,000, although frankly I do not think it costs $2,000 a year to operate a car. It may cost that if one has to have a chauffeur, but surely if a man can drive his own car in Fredericton he ought to be able to drive it in Ottawa. There is gross discrimination between the allowance made to members of the government and the lack of allowance made to members of parliament. An allowance of $2,000 will cover the operating expenses and depreciation of a car, and in addition there are generous expense accounts for members of the government which are passed without question. I received an indemnity in 1940 upon which I willingly paid an income tax. I received that indemnity by virtue of the fact that I had spent a considerable amount of money in March, 1940, by way of legitimate expenses, in order to become a member of this house. If I had wanted to become a slave of some vested interest I could have obtained contributions to cover my election expenses, but in order to be free and independent, as I am, I paid my own expenses. I submit that I should be allowed to make a deduction for the legitimate expenses of printing, advertising, the hiring of halls and so on. I do not like to be classed as an employee of the crown; I am not an employee of the crown, I am a servant of the crown. If as a servant of the crown I choose to say that I am content that a deduction should be made on my indemnity, all well and good, but to give it to you with one hand and take it back with the other is neither fair nor honest. This is a matter upon which members of parliament should express their opinions freely. As I say, if you take at full face value the views that are expressed to you privately, it would seem that there is not a single member who does not believe that some deductions should be allowed.

Mr. FRASER (Peterborough West): Will the minister put in annuities, at least to the extent of $1,200?

Mr. ILSLEY: I agreed that that should be done a few minutes ago, but I should like to reconsider it. I am not just sure whether some annuities are not in the nature of investment income. Perhaps the section could stand and we will give some consideration to that this afternoon.

[Mr. Ilsley.]

Mr. CRUICKSHANK: I think the reason so many hon. members do not like to say anything—I have never been bothered that way particularly myself, although perhaps I would be better off if I were—is that they do not like to talk about their own indemnities. As the hon. member who spoke previously said, we hear these things around the corridors and in the cafeteria, but for some reason or other hon. members do not like to have their criticism appear in *Hansard*. I delight having mine in *Hansard*, and I should like to have it in big letters, because this strikes me as being particularly unreasonable. The leader of the opposition has stated that he needs a chauffeur to drive him up to the Chateau Laurier. I do not agree with him. I think it would be cheaper if we gave him a taxicab.

Mr. HANSON (York-Sunbury): I did not say that. I said I needed a chauffeur in Ottawa and I am going to have one.

Mr. CRUICKSHANK: I doubt very much whether it costs the leader of the opposition as much to operate his car in New Brunswick as it costs the member for Fraser Valley or the hon. member for Cariboo. His whole province is not as large as one of our ridings. I am prepared to produce my accounts to show what it costs me to run my car while at home, and there would be no charge for a chauffeur. I do not get any $1,400 or $1,500 with which to do it.

Mr. JACKMAN: You do not have the same responsibilities.

Mr. CRUICKSHANK: I am not depreciating the responsibilities of the leader of the opposition.

The CHAIRMAN: Order.

Mr. CRUICKSHANK: I do not mind him at all, Mr. Chairman. I realize that the leader of the opposition has a responsible position, but I have to go back to my constituency and travel all over to speak at recruiting meetings, and in many other types of campaigns. I will have to get up and explain to the people of my riding that it costs approximately $101,000 to operate private cars, as well as $2,000 a year for each of the ministers.

Mr. MacNICOL: Have they all cars?

Mr. CRUICKSHANK: They get $2,000 a year whether they have cars or not. With all due respect to them, I do not think some of them can drive a car. I have to explain to my people this expenditure of $101,000 for private cars as well as $2,000 a year for automobiles. And there is supposed to be a war on. How can I explain that when I am

asking the people to subscribe to the victory loan? It does not make sense. I realize that no member likes to talk about these things because he would appear to be talking about his own indemnity, but surely we have nerve enough to get up and ask that every one of the cabinet ministers, with the exception of the Prime Minister and the Leader of the Opposition, serve for two months as a private member and pay his own expenses.

Mr. HANSON (York-Sunbury): We have all done that.

Mr. CRUICKSHANK: I gave a fair hearing to the leader of the opposition, and I think he could benefit by listening to British Columbia. We have had to make four trips to that province in one year. British Columbia happens to be on the Pacific coast, and for the benefit of 80 per cent of the members who have not been west I will say that it costs a little to get out there. You have to travel about your riding. It is not a salary that we receive, it is an indemnity. I have no doubt it is more money than many hon. members ever made in their lives, including myself. I am not a lawyer, I am a farmer. But I can take you to my room and show you forty applications for donations from different organizations. Every hon. member gets these; it is part of the game of being a member. Yet we are taxed down to $40 with which to go from here to British Columbia. This is supposed to cover our travelling expenses. We have heard from the organizer of the Conservative party of how many cow days it takes to buy a suit of clothes, or how many cow days it takes to buy a mower; I have not heard of how many cow days it takes to pay a lawyer's bill, but I can tell you.

Section stands.

Section 5 agreed to.

On section 6—Deductions for superannuation or pension fund.

Mr. JACKMAN: Has this been amended since last year, when, as I recall it, $300 was allowed and there was not the 5 per cent limitation?

Mr. ILSLEY: Three hundred dollars was the limit of the amount allowed to the employee as a deduction from his income for taxation purposes. This relates to the employer, not the employee.

Mr. JACKMAN: The employee can still deduct $300?

Mr. ILSLEY: Yes.

Mr. JACKMAN: I think we should be generous to the employee, because with old age pensions at $20 a month, starting at the age of 70—we hope it will be reduced to 65 when possible—a person with a very small income would feel it hardly worth saving to provide for his own old age unless there was some incentive. Five per cent on $1,200 a year would be $60 a year, which in forty years would amount to $2,400, plus accumulated interest, and the income on that sum would be less than the old age pension. People should be encouraged to save and provide for their own old age. I had the problem presented by a member of my staff whether it was worth while saving for an annuity because after a certain period of years the amount received would be hardly more than the old age pension.

Section agreed to.

On section 7—Donations to charitable organizations by taxpayers other than corporations.

Mr. NICHOLSON: Can the minister give any information as to the amount of the deductions made last year as a result of this provision?

Mr. ILSLEY: I am informed that these figures are no longer kept. For years they were kept but they are not available for last year.

Section agreed to.

Sections 8 to 10 inclusive agreed to.

On section 11—Residence of dependents.

Mr. ILSLEY: It is proposed to amend this section by inserting after the word "act" in line 23 of the bill the words "or under subsection seven of section twenty-seven of this act."

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

Amendment agreed to.

Section as amended agreed to.

Section 12 agreed to.

On section 13—Proviso.

Mr. HANSON (York-Sunbury): The explanatory note says that sections 13 and 14 are to prevent double taxation. I thought the minister did not object to the principle of double taxation. He told me once there was no objection to it.

Mr. ILSLEY: This is to prevent a tax on the same income both here and in another country.

Mr. HANSON (York-Sunbury): It is all right to tax twice in Canada, but not here and elsewhere?

Section agreed to.

Section 14 agreed to.

On section 15—Proviso.

Mr. HANSON (York-Sunbury): What is the effect of this?

Mr. ILSLEY: It is a pretty important section and I am apt to get tangled up when I start to explain it.

Mr. HANSON (York-Sunbury): I do not understand it myself.

Mr. ILSLEY: I hope the hon. gentleman will understand it when I am through, but I am not optimistic.

Mr. HANSON (York-Sunbury): First of all we might have subsection 1 of subsection 9B of the act of 1940 read to get it on the record.

Mr. ILSLEY: I think perhaps I can explain it. There is some bond interest which is payable either in Canadian or in foreign funds. The provision first was that if a resident of Canada elected to take his interest in a foreign currency which was at a premium he would be subject to a 5 per cent tax. Certain debtors evaded that provision.

Mr. HANSON (York-Sunbury): How?

Mr. ILSLEY: Suppose the foreign currency was at a 10 per cent premium, for example. If the bond interest was payable in United States or Canadian currency at the option of the holder, and he elected to be paid in United States currency, he would have the right to be paid the equivalent of $110 Canadian dollars although the coupon was for only $100. Certain debtors worked out this technique. They said to their creditors, "Do not exercise your option and require payment in United States funds but ask us instead for $104.50 in Canadian funds and we will pay that to you".

Mr. HANSON (York-Sunbury): That was the approach from the debtor company to the coupon holder?

Mr. ILSLEY: That is right. Municipalities did it largely. The result was that the creditor was just as well off, the debtor was about $5.50 better off on the coupon, and the dominion government was out its tax.

Mr. HANSON (York-Sunbury): I understand the position. How does this correct it?

Mr. ILSLEY: A year or two ago we made a change in the section which was as I have described it, and the amendment provided that if the debtor had the right to require payment at his option in a currency which was at a premium, then the tax attached.

Mr. HANSON (York-Sunbury): Even if the option was not exercised?

[Mr. R. B. Hanson.]

Mr. ILSLEY: Yes. That was ample protection for the crown, but it was interfering in cases where the debtors had defaulted in whole or in part. So that this is our third attempt at legislation on the subject.

Mr. HANSON (York-Sunbury): It is a system of trial and error.

Mr. ILSLEY: Yes. The proviso in the bill states:

> Provided, however, that no tax hereunder shall be payable if no part of the premium is paid by the Canadian debtor to the creditor.

If the creditor does not get any advantage, if he does not get even $101 for his $100 coupon, then no tax is collectable from him. Otherwise we would be collecting taxation in cases where he got $50 for a $100 coupon.

Mr. HANSON (York-Sunbury): Does that correct the whole difficulty?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): Just wait and see.

Mr. ILSLEY: I believe it does.

Mr. JACKMAN: I suggest for the consideration of the minister a change in the wording. Would it not be better to say in line 17, "if no part of any premium" is paid, because in fact it is not "the premium." It may be called a premium, if we like, but I believe we need a more inclusive word than the word "the." "The premium" refers to the exchange premium. What the minister is driving at is any premium or bonus.

Mr. ILSLEY: The hon. member is arguing that it is an amount paid by reason of the existence of an exchange premium?

Mr. JACKMAN: Yes.

Mr. ILSLEY: But, strictly speaking, it is not "the exchange premium" itself which is being paid; it is an amount which is being paid or called by reason of the existence of a premium. Is that the argument?

Mr. JACKMAN: It might be argued that the bonus had no relation to the premium which, in the act, must refer to the exchange premium. They just say, "If you will not insist upon your right to United States funds, we will give you so much." If no bonus is paid by the Canadian debtor, I think that would almost cover the point.

Mr. ILSLEY: I do not agree, although I may be wrong. I do not think there can be any ambiguity. The situation is this: I am the holder of bonds which are payable, as to interest, in either United States or Canadian funds. The United States funds are at "a

premium." The words "a premium" are used in the earlier sections. This tax applies in certain circumstances, but only if part of the premium is paid to me by the Canadian debtor. Certainly if I get more than $100 in Canadian funds, part of the premium is being paid to me.

Mr. JACKMAN: Well, it is for the lawyers to decide.

Mr. ILSLEY: I am obliged for the suggestion, but I believe the section is safe enough as it is.

Section agreed to.

Mr. ILSLEY: I would ask that sections 16 and 17 stand.

Sections 16 and 17 stand.

On section 18—Income capitalized, how taxed.

Mr. HANSON (York-Sunbury): Was this point discussed in the resolution stage?

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): This is new, is it not?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): What is the intention?

Mr. ILSLEY: It is declaratory, I am advised by my officers. There are certain circumstances under which estates are subject to income tax. This would have reference to trustees, executors, and so on. This section appears in the bill to make it clear that these persons are taxed as single persons, and not as corporations or married persons. They are entitled to the exemptions indicated in the paragraphs mentioned.

Mr. HANSON (York-Sunbury): Has that not always been the law with respect to the income of estates before distribution? They never received exemption?

Mr. ILSLEY: That is correct; I should have said they are not entitled to exemption. They do not receive and are not entitled to the $750 exemption.

Mr. HANSON (York-Sunbury): Or to dependents' exemption.

Mr. ILSLEY: That is correct.

Mr. HANSON (York-Sunbury): But the explanatory note would seem to indicate that this section is aimed only at estates which capitalize accumulated income; is that so? Estates which are not distributed but which under the statute are liable to income tax are not entitled to exemption. Here is a case of capitalization of accumulated income. One would never understand the inference, from the wording of the section, without going back to all these references. I do not understand why this section appears.

Mr. ILSLEY: Well, the present provisions of subsection 4 as appearing at section 19 of the statutes of 1940 are as follows:

4. (a) Income received by an estate or trust and capitalized shall be taxable in the hands of the executors or trustees, or other like persons acting in a fiduciary capacity.

(b) Income earned during the life of any person shall, when received after the death of such person by his executors, trustees or other like persons acting in a fiduciary capacity, be taxable in the hands of such fiduciary.

Mr. HANSON (York-Sunbury): That has always been the law.

Mr. ILSLEY: Yes, following some recent amendments.

Mr. HANSON (York-Sunbury): Of the immediate past.

Mr. ILSLEY: Yes. Section 18 of the bill states that income taxable under subsections 4 (a) and 4 (b) shall be taxed as if such income were the income of a person other than a corporation, provided that no deduction shall be allowed in respect of the exemptions provided by paragraphs (c), (d), (e), (ee) and (i) of subsection 1 of section 5 of the act.

Mr. HANSON (York-Sunbury): Is this just a tightening up? Have these exemptions ever been allowed?

Mr. ILSLEY: No, they have not been allowed; it is simply declaratory of the practice, and brings the procedure into harmony with subsection 2 of section 11 of the Income War Tax Act, which relates to trusts for unascertained persons, and to income accumulating and in trust for the benefit of unascertained persons, and provides that that income shall be taxable in the hands of the trustee or other like person acting in a fiduciary capacity. Then it provides:

—as if such income were the income of a person other than a corporation, provided that he shall not be entitled to the exemptions provided by paragraphs (c) (d) (e) and (i) of subsection 1 of section 5 of this act.

So that this amendment brings subsection 4, as it appears in the 1940 statutes, into conformity with subsection 2 of the Income War Tax Act.

Mr. HANSON (York-Sunbury): And into conformity with the practice of the past.

Mr. ILSLEY: Yes, that has been the practice.

Mr. HANSON (York-Sunbury): I should think it must frequently happen that a married man subject to income tax dies, in the middle of a taxation period, leaving a widow and dependents. Suppose he dies on the first of July. The estate takes over the investments, we will say, and the income goes into the estate. For that year, before the estate is distributed, is any allowance made for the wife and dependent children? If not, it seems to me to be very narrow.

Mr. ILSLEY: It depends on the terms of the will.

Mr. HANSON (York-Sunbury): No; it is not a question of the terms of the will. Suppose he distributes one-third to the wife and two-thirds to the children; they do not get it in the six months, as a rule. Very often provision has to be made for their maintenance. In justice and equity in the administration of the act, for the tax payable in respect of 1940, let us say, where the death occurs in the middle of a period, should there not be in 1941 a full allowance of $750 or whatever it may be for the wife and so much for the dependent child? Or is it split up, fifty-fifty? According to this, there would be no allowance at all.

Mr. ILSLEY: This does not apply to such a case. In the case the hon. gentleman has put, the deceased pays income tax up to the date of his death.

Mr. JACKMAN: And allowance is given accordingly.

Mr. ILSLEY: He gets the exemptions.

Mr. HANSON (York-Sunbury): Does he get the full year's exemption for his wife?

Mr. ILSLEY: Yes, I am advised that he does.

Section agreed to.

Section 19 agreed to.

On section 20—Application.

Mr. HANSON (York-Sunbury): This brings it into conformity with the amendment the minister moved?

Mr. ILSLEY: Yes.

Section agreed to.

On section 21—Tax on non-residents.

Mr. HANSON (York-Sunbury): This is the gross rental question we discussed?

Mr. ILSLEY: The provision the hon. gentleman has in mind is in section 22.

Section agreed to.

[Mr. Ilsley.]

On section 22—Rentals from real estate taxed on net income basis.

Mr. HANSON (York-Sunbury): This gives full effect to the minister's amendment?

Mr. ILSLEY: Yes.

Section agreed to.

On section 23—Annual returns.

Mr. HANSON (York-Sunbury): I do not wish to delay the committee, but since we had the discussion and the minister was good enough to make the change with respect to businesses, leaving the individual returns to be made on March 31, I have received a great many letters on this subject to the effect that the experience of business men in filing their returns is that there is a difficulty on account of the lack of chartered accountants, just as there is a difficulty for the unincorporated company which has to employ chartered accountants. There is a great deal to be said in that regard. For years the public has been used to April 30 and has made plans accordingly. Now a month has been taken off and a protest is made on behalf of certain individuals. I therefore promised to bring the matter up again at this stage.

I am not sure that the minister made it clear why the department desired this change in the first instance. Was it to get the money in early? I do not think that is really a sound reason. Was it because of the great increase in the number of returns to be filed? I do not think that can be a reason, because there are twelve months in the year and just so many hours in the day to do the work. What was the reason for moving it forward a month in the first instance?

Mr. ILSLEY: It was considered that three months would give ample time normally for a person to compute his income for the preceding year and make his return. We have provided for four months for businesses, whether incorporated or unincorporated. It brings the money in earlier, yes. That was a consideration. Then we are proposing a scheme for payment by instalments, and this is about the middle of the period.

Mr. HANSON (York-Sunbury): For this year, but you have seven months if you start under the new scheme.

Mr. ILSLEY: There are six months altogether. The first payment is made in September, but the interval between the first payment and March 31 is six months—October to March, both inclusive. In consideration of the taxpayer paying in advance, which would be equivalent to paying half of the income tax three months in advance, he

is allowed to go on paying by instalments for six months after March without interest for the months from April to September inclusive.

Mr. HANSON (York-Sunbury): Those of us who have adopted the present system of eight payments beginning in January will have concluded our payments, we hope, by the end of August. That will leave four months out of this calendar year, but we are confronted with the tax on this year's income payable next year, and we are given the option of four payments this year, September, October, November and December. We have three months in which to file the returns under this proposal, so that we must reckon our tax, if we are to take advantage of the scheme, as soon as possible after the end of the year and then pay a fraction of the tax as we estimate it ourselves. I think the minister has given the correct reason; I do not think the question of getting the money in is so important. It is just this—I use the word without being offensive—this bureaucracy has decided that it wants the returns filed one month sooner, without regard to the convenience of the taxpayers. That is the bald, naked truth. I do not think parliament should do this just because the officials of the department say they want it. The minister has to give us a better reason than that. Three months may be sufficient for the simple tax return; three months in a given case may not be time enough. I know that if a man makes a pro forma return and a substantial payment he is given consideration, and many a man is grateful for that; I know of cases. And that just has to be; sometimes it is not humanly possible to make the return.

I am not yet convinced that we should make this change. The minister receded in the one case; I ask him to recede in the other and to leave the date April 30. I do not think it will at all affect his programme of partial payments of 1941 income tax payable in 1942.

Mr. McCANN: In making an income tax return for 1941 under the present set-up it is taken for granted one can anticipate in September, October, November and December what his income will be in the last quarter of the year. In starting to make payments in September one does the government a favour by giving it the use of that money six or seven months prior to the time he is obligated to pay it. In recompense for the favour that the taxpayer does the country the government does him the disfavour of cutting the time down one month, saying "You must pay it thirty days ahead because you never did a favour for us before in that particular regard." I do not know whether the end of the fiscal year being at the end of March has anything to do with the government's desire to have the return made at the end of March. It may have. But the Easter holidays come along usually in April, and there are plenty of people who take advantage perhaps of a few days off at that time to make out their income tax return. I do not think the advantage that will accrue to the government by having the return made by March 30 outweighs the disadvantage that there will be to the taxpayer, and after all the taxpayer should be given some consideration. Let us not get into the state of mind that we can say, just because the government runs the business of this country and wants this, we are going to be regimented to the extent that the taxpayer has no more rights. That would be a bad state of things for this country to get into. People pay their income tax willingly, they want to make honest returns and within the prescribed time, but the government is doing no great favour to them in giving them a little latitude in the matter of the date of filing the return.

Mr. ISNOR: As one who associated himself with the thought expressed by the leader of the opposition in reference to the shortening of the time for filing the return, particularly as applying to unincorporated business firms, I can see that there are advantages as well as disadvantages in connection with it. I am wondering whether the minister had in mind in providing for returns from certain types of income tax payers by March 31 that he was doing the individual a favour. The larger firms, incorporated as well as unincorporated, are able to procure the services of auditors to prepare their accounts, and their time would be taken up to a large extent in the month of April. Anyone's experience in trying to procure their services is that we all wait until the last month to prepare our income tax returns or to check them. We have made a tentative balance sheet and it is then that we find it difficult to obtain the services of auditors. It is just possible that the minister had in mind that thought—greater efficiency so far as the department is concerned, and also making it easier for the individual to procure the professional help he must sometimes have in order to make a correct return.

Mr. ILSLEY: The leader of the opposition says this is what the bureaucracy want.

Mr. HANSON (York-Sunbury): That is the reason the minister gave.

Mr. ILSLEY: Oh no; that was not the reason at all. This term "bureaucracy" is used good-naturedly, but I think it is a shame to be using it too much, because it builds up the idea that there is a group of public enemies here in Ottawa setting their hands and faces against the people of this country.

Mr. HANSON (York-Sunbury): Oh, well; I think I qualified it sufficiently. I do not mean that at all. I will withdraw the term if it is offensive; I certainly had no such idea in mind. I shall say, then, the "permanent officials" want this done. That is the correct description. And I suggest that that is not a good enough reason.

Mr. ILSLEY: That is not the reason I gave, and moreover they do not all want it done either, if that is any satisfaction to the committee. However, I have to take responsibility for these measures, and the tendency to go back and say that this is what some bureaucrats of some kind want may be all very well occasionally, but I do not want the impression to be given that there is a group of civil servants who do not care anything about the convenience or interests of the people. They are doing a very important job and doing it well. I have often heard hon. gentlemen say that myself.

Our present system of instalments ceases in August. That is the plan that is under way now.

Mr. HANSON (York-Sunbury): That is last year's plan?

Mr. ILSLEY: The eight-months plan. Now it is desirable to get the new system operating in September, and it is more desirable to have the date of payment approximately in the middle of that period than pretty well to the end, especially as there is no reason why it should not be. We are talking about individuals now. My income tax returns are not difficult to make, but I can make them just as well in January as in February or March; I do not need to wait until April, and I think that is true of the overwhelming majority of personal income tax payers.

The hon. member for Renfrew South says we are asking those who are paying on the new instalment plan to estimate their income for the present year. That is not the scheme. The scheme is that they pay on the basis of their last year's income for the months of September to December.

Mr. McCANN: That is estimating.

Mr. ILSLEY: No, they know what their last year's income was.

[Mr. R. B. Hanson.]

Mr. McCANN: But you are estimating it for this year.

Mr. HANSON (York-Sunbury): What the hon. member said was true of last year; you had to estimate it before the end of the fiscal year.

Mr. ILSLEY: Last year, under the scheme for payment in eight instalments, there was very little difficulty because an estimate could be made in January. An estimate cannot be made in September, nor do we ask anyone to do that. We are asking taxpayers to pay for September, October, November and December, on the basis of the income for the previous year.

Mr. McCANN: Anticipating that the income will not be lower in the succeeding year?

Mr. ILSLEY: No; there is no such theory at all. It is in January that the matter is adjusted and spread over the next eight months on such a basis that the whole of the income tax will be paid at the end of the twelve months period. No one is expected to proceed on the assumption that the income for 1941 will be the same as it was for 1940, or for that matter that the income tax will be the same. The one difficulty about changing this date to April 30 is that all our estimates have been based upon this amount coming into the treasury in March, and I do not think it would be worth while to upset everything by giving an extension for that one month. I do not think there is any real inconvenience here.

Mr. HANSON (York-Sunbury): In individual cases I believe there would be some inconvenience, but I would be inclined to think that such cases would be in the minority, as the minister has indicated. The consideration to which he has just alluded, namely, that it is intended to get in this money in this fiscal year, would be a factor; and I am sorry that this argument was not advanced at an earlier stage in order that we might see what were its implications. It would have the effect of bringing into this fiscal year a very large sum of money, but of course that would flatten out in succeeding years.

Mr. ILSLEY: Oh, yes.

Mr. HANSON (York-Sunbury): However, I am not going to press the matter any further. I have stated the objection on behalf of those interested; the minister will not accept the suggestion, and so far as I am concerned that is the end of it.

Mr. CHURCH: I think this change in date, which has been recommended by the departmental officials, is most unfortunate, because the people will not have finished paying their coal bills by the time all these documents must be again prepared and signed. In the recess the minister should endeavour to see if some arrangement cannot be worked out under which all the papers and documents in connection with municipal and provincial taxation would not be made at the same date, and returns would not come due in the very same month to be filled out and returned just when that has also to be done in connection with federal taxation. Such timing all at once is bad. It is unfortunate also that the timing has not been better arranged in connection with other matters, notably the victory loan now under way. I do not think that should have been brought on while this matter of heavier income taxes was being discussed. The timing is all wrong, and it injures the work of the department generally.

Mr. ILSLEY: With the consent of the committee I should like to make a statement about an income tax matter, perhaps not a very large one, that is not strictly relevant to this resolution. I wish the hon. member for Fraser Valley (Mr. Cruickshank) were here, but since I am not going to say anything unfavourable to him perhaps his absence does not make very much difference.

Some days ago the hon. member made the statement in the house that some dollar-a-year man, I think he said in British Columbia, had been making certain expenditures, and he asked me if those expenditures would be allowed as deductions for income tax and excess profits tax purposes. Shortly after that Mr. H. R. MacMillan wired me as follows:

> While absent here in connection with shipbuilding I observe in yesterday's papers reports of discussions in the House of Commons yesterday indicating that an unnamed dollar a year lumberman from British Columbia has built extravagant office building as a means of evading excess profits taxes. It is generally believed here that this discussion in the House of Commons refers to me and to the British Columbia Plywoods Limited a manufacturing company of which I am president. The building referred to was completed in May nineteen thirty-eight. It cost eleven thousand dollars which was charged to capital expenditure. Therefore it not only antedated excess profits taxation but it also in no way evaded any taxation. The circulation in such a prominent manner of such innuendoes undermines confidence in people and in institutions and adversely affects the public morale. Therefore I respectfully ask that you make these facts public.

After I received this telegram I made inquiries and found that it would be strictly out of order for any hon. member to make an explanation of this sort on the orders of the day, so I left the matter until in committee of the whole I might be able to read the telegram. I did not have any idea of the identity of the person referred to in this house; it may be that the hon. member for Fraser Valley did not refer to Mr. MacMillan, but apparently the newspapers in British Columbia identified Mr. MacMillan as the person referred to, and since he is a valued employee of the government at the present time, and also because of considerations of justice, I thought it desirable to read his telegram.

Mr. HANSON (York-Sunbury): I concur in what the minister has done. I think it was quite apparent to those of us who heard the statement that the hon. member for Fraser Valley did refer to Mr. H. R. MacMillan. If the facts are as stated in Mr. MacMillan's telegram, which I do not doubt for a moment, then of course this is just another illustration of gossip being enlarged as it is repeated time and again. You can never catch up with a story like that; there always will be people who will think that what was alleged actually took place. I think the minister has done nothing more than justice to Mr. MacMillan in making this statement.

Section agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Sections 24 to 28 inclusive agreed to.

On section 29—Machinery or equipment.

Mr. HANSON (York-Sunbury): What is the implication of this section?

Mr. ILSLEY: Two or three years ago we provided an income tax credit for capital expenditures made by taxpayers.

Mr. HANSON (York-Sunbury): What was the theory? That was before the war?

Mr. ILSLEY: Yes. It was done to stimulate employment. Questions have arisen as to what expenditures should come within the meaning of the section. Specifically I mention rolling stock, buses, trucks and certain items of plant not affixed to the soil. It was claimed that these should qualify for the benefit of the section. The section itself is not clear on that and it may be that the courts would hold one way or the other. The memoranda which have been issued made the matter quite clear and this is for the purpose of making it clear in the legislation that machinery or equipment referred to in the

section shall mean only such machinery or equipment as it required to be and is affixed for a permanency within the said period to the business premises of the taxpayer.

Mr. HANSON (York-Sunbury): That is covered by section 90, part XIV.

Mr. ILSLEY: Yes. That is a brief explanation.

Mr. HANSON (York-Sunbury): This crystallizes into legislation the practice of the department so that it will defeat any attempt to make claims which it was not intended should be made?

Mr. ILSLEY: Yes, that is correct. It never was intended by the department, but it is always questionable what parliament did intend and that is for the courts to say.

Mr. HANSON (York-Sunbury): Capital costs were not specifically limited to machinery and fixtures?

Mr. ILSLEY: That is arguable. The section reads:

> The capital costs on which the ten per centum shall be calculated are those costs incurred and paid by the taxpayer in the period beginning the first day of May, 1939, and ending the thirtieth day of April, 1940, in respect of work actually done in Canada during the said period, on the construction, manufacture, installation, betterment, replacement, or extension of buildings, machinery or equipment in the said period from the first day of May, 1939, to the thirtieth day of April, 1940, provided such buildings, machinery or equipment are to be used in the earning of the income of the taxpayer.

I believe the intention of the minister and of the department was that these should be permanent installations. The object of the section was to make work, it was to do away with unemployment. A typical case would be where a factory owner added an extension to his factory and brought in and fixed machinery to the premises and proceeded to employ help. The work expended on the extension of the plant and so on was what was contemplated by this provision.

Mr. HANSON (York-Sunbury): It was never intended to apply to a new motor.

Mr. ILSLEY: That would be an extreme case. Some machinery would have to be imported because one could not draw a distinction between that and machinery bought in Canada. However, it was always felt that it was going too far to extend this to movables and so on that were bought.

Mr. POULIOT: Sometimes a piece of heavy machinery gives employment to many men, but at other times it is not necessary to have a large piece of machinery in order to provide employment. In my county is a man who carries on an interesting trade, the roasting of peanuts and the frying of chips. The only machinery suitable for this work is made in the United States. He has gone to considerable trouble, and I do not know if he has succeeded in getting the foreign exchange control board to permit him to spend $25 in order to buy two machines which will give work to three or four more people during the summer season. This may be considered an unimportant matter, but nothing is unimportant which gives work to people, and from that point of view even the smallest thing should not be overlooked. In this particular case $25 of Canadian money sent to the United States would have enabled a machine to be imported which is not made here and would have given work to three or four people during the whole summer season. It should not be necessary to write several letters in regard to such a matter. Actually four people are employed, but the machine would mean eight people employed, which would mean more salaries and wages.

I would ask the minister to give definite instructions to the foreign exchange control board not to split hairs but to be reasonable when proper requests are made to them. Even if they do not understand the question that is submitted to them they should accept in good faith what is said by those who know more than they ever did in these matters.

Mr. MacNICOL: Not having the statute before me I would ask the minister what is the significance of this addition to subsection 2 of section 90, and what is the significance of the words, "said period" in the second last line of the clause to be added?

Mr. ILSLEY: The period referred to is the twelve-months period beginning May 1, 1939, and ending April 30, 1940. Section 90 provides that a certain proportion of certain capital expenditures may during that period be deducted from the income tax payable for that period.

Mr. HANSON (York-Sunbury): The period has not been extended?

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): And it is taken care of over a period of time?

Mr. ILSLEY: Yes, income tax credits are given over three years, if I remember correctly.

Mr. HANSON (York-Sunbury): One-third of the 10 per cent each year.

Section agreed to.

On section 30—To whom applicable.

Mr. O'BRIEN: On May 15 when this legislation was in the resolution stage I asked the minister whether he could define the position of piece-workers as against wage-earners. I will quote from *Hansard* in order to present the matter in sequence:

Mr. O'Brien: Before six o'clock I spoke privately to the minister, asking him to clarify the situation with respect to the tax as it affects the piece-worker. In the lumbering industry of New Brunswick, and I have no doubt in other provinces we have men working by the month on piece-work.

That sentence should as a matter of fact read "we have men working by the month and/or on piece-work." I continue the quotation:

They are paid by the cord. No doubt men in munitions and other plants are paid on a similar piece-work basis. Will the minister tell us if the tax should be deducted by the employer, or are such men treated as contractors?

Mr. Ilsley: If the piece-worker is an employee, the tax should be deducted. If he is an independent contractor, it should not. In that event he should make a return.

Mr. O'Brien: How would we know whether he is or is not? Does the law give any definition?

Mr. Ilsley: Yes. It is just one of those things which must be decided by the employer himself. It is a very mild legal question, but not one about which it would be necessary to consult a solicitor.

Since the matter is of the utmost importance in the province and in the particular constituency from which I come, as also across Canada, I thought that a more exact definition would be possible and so I wrote to the Department of National Revenue. I quote one paragraph from their letter addressed to me in reply, dated Ottawa, May 19, 1941:

Replying to your letter of the 16th instant you are advised that as piece-workers are regarded as employees for purposes of national defence tax a deduction for such tax is required to be made at the source in all instances where the employee's remuneration exceeds the amounts stipulated in ruling 48 on page 15 of the enclosed brochure.

I wished to have that put on *Hansard* so that it will be on record and the members of the house and the country generally will understand what tax is to be deducted.

Mr. HANSON (York-Sunbury): In the case of piece-workers where the relationship of master and servant does not subsist, there is not an employer within the meaning of the statute. But if there is a power of dismissal as distinguished from the power of cancellation of a contract, there would be an employee. I should like to have that distinction made clear. In certain places in New Brunswick in the lumbering business a contract is given to a man to fell logs and yard them at so much per thousand feet, we will say. The man and his family may do all the work, and he is paid at the rate of so much per thousand feet. But there is always retained the power to cancel the contract if he is not proceeding satisfactorily. In most cases he cannot be dismissed, and there the relationship of master and servant does not subsist. I think that must be the test, and I think the department should take that stand. If a man may be dismissed and his service terminated the tax would be exigible. If there is no power of dismissal but only power to cancel the contract—there is a clear distinction—the tax would not be exigible. Most of these cases are of the kind I suggest, namely, piece-work at so much a piece for pit-props or so much a cord for pulpwood. The man is not hired in the ordinary sense of master and servant, but the right of cancellation is retained if the man's work is not satisfactory or is not being done according to specifications. In that case I do not think the tax is exigible, and I take the risk of so advising. I think it ought to be laid down by the department that where the relationship of master and servant subsists, the tax is exigible. That would settle the question. It is a practical one in New Brunswick.

Mr. ILSLEY: I think that would be correct. Section 91, subsection 16, may have some bearing on the question. I am not sure whether the definition covers what the hon. gentleman has said, but it should be taken into account in deciding the question.

Mr. HANSON (York-Sunbury): It would have to be decided in the light of that definition, but on a hurried reading the definition does not seem to lessen the force of my suggestion that if there was not the right of dismissal but merely the right of cancellation he would not be an employee within the meaning of the act. It says, "Any salary, wage, remuneration, compensation," and so forth. Of course, consideration for a contract may be termed compensation—and yet it is not true compensation.

Mr. FRASER (Peterborough West): Subsection 5 of section 91 states that every employer at the time of payment of earnings to an employee shall deduct and collect the tax imposed, if the earnings are in excess of the stated amount. Does the employer have to make a return if the earnings are under that amount? If an employer knows, as a fact, that earnings are under the stated amount, must he make a return? For

instance, would a man who has working for him, at his summer place, a person receiving only $600 a year, have to make a return?

Mr. ILSLEY: The employer goes by the rate at the time. If the rate is such that if continued for twelve months the annual earnings would be above the minimum, then such employer must make the deduction. If not, the employer does not have to deduct.

Mr. FRASER (Peterborough West): He does not have to make any return?

Mr. ILSLEY: No.

Mr. CHURCH: Subsection 5 does not give the employer a reasonable number of days, namely the time between June 2 and July 1, to take care of his pay sheets. This national defence tax is one of the most iniquitous taxes possible. When the government imposes the heavy burden indicated under schedule A, and then tacks on this additional burden, it is going beyond the powers it should exercise in respect of the small wage-earners. Large departmental stores and many other employers of labour will not, between now and July 1, have sufficient time to make out the schedules in conformity with the statute. The time is too short. I suggest it should be August 1.

Mr. NICHOLSON: When the resolution was before the committee I made inquiry with regard to regulations applying to farmers. My understanding was that a farmer was given the privilege of employing casual help for a definite period before he was required to make a return. According to subsection 5, if the daily rate is $3 a day the farmer would be required to send in a return, even if he had casual labour for only two days. Would the minister make some concession in this connection, so that a man would have to hire casual labour for a week or two weeks before being required to make a return? The actual incomes of many casual workers who receive $3 a day for stooking or threshing operations in western Canada would fall far below the figures set out in the act.

When the resolution was under discussion I raised the question as to the number of farmers across Canada who made returns last year. Many farmers had no idea that the act affected them, and consequently did not make returns. Has the minister any information as to the number of farmers across Canada who made returns last year?

Mr. ILSLEY: No, I have no information available as to the number.

Mr. NICHOLSON: Would consideration be given to the extension of the period during which casual labourers may work before the employer becomes liable for prosecution upon failing to make returns?

Mr. HANSON (York-Sunbury): I have in mind the circumstances of employment of a part-time gardener. He may tend half a dozen gardens. For instance, there is a man who puts in my garden and looks after it all summer. He goes and comes when he pleases, keeps his own time and puts in his bill at the end of the month. But he may be doing that work for six other people. I pay no attention to what he does when he leaves my place. I am not going to chase up and down to see whom the man is working for, and I have not done it. I have not felt guilty, nor do I believe I have defrauded the government of any revenue. But there ought to be some provision in the law with respect to that kind of employment. Any attempt to drive employers into making a return in circumstances of that kind is unworkable.

Mr. ILSLEY: Replying to the hon. member for Mackenzie, I do not believe we should make any change in the law. As it now stands, if a person is receiving wages at more than the minimum rate the deduction must be made. I do not know where we would start if we attempted to prescribe periods. At any rate that has not been done.

There is no difficulty in respect of most employees. They are on the big payrolls, where substantial numbers of men and women are employed. There are many of these odd cases which present extreme difficulties. As the leader of the opposition has said, in some instances employers will not pay much attention, because they realize the revenues would not amount to anything. In other cases they do amount to something, and I cannot take the position that the law should not be obeyed and observed.

Mr. HANSON (York-Sunbury): No, but what action does the department take to learn whether or not there are evasions? Is it just one of those cases where a check cannot be made, and nothing is done? Does the department check the returns which come in, and leave it at that?

Mr. ILSLEY: Investigations are made at the place where the employee works.

Mr. MacNICOL: I learned of two incidents lately which may be of interest to the minister. The owner of a property asked a carpenter what it would cost to erect a fence between his property and that of his neighbour, and was quoted a price of $24. Having submitted a price, I suppose the carpenter would be in the category of a contractor.

The owner of the property in question felt it unnecessary to make any deduction. Another owner of property sent for a carpenter to repair his verandah. He did not ask for a price, but when the carpenter had finished the work he handed the owner a bill for $18. In that instance the owner must make provision for the tax. I am sure there must be countless thousands of cases where the government receives no revenue at all.

Mr. GILLIS: In all instances the deductions for national defence tax are made by corporations, business concerns and so on. In the event of the national defence tax being deducted by a corporation from the pay of an employee, and in the further event of its being ascertained at the end of the year that earnings sufficient to bring the employee under the tax have not been earned, who applies for the return of what has been paid? Is the responsibility with the employee or the employer?

I have in mind the fact that deductions are taken weekly from the pay of employees who might not come under the tax. Many employees are not familiar with the regulations—in fact many hon. members sitting in this chamber are not as familiar with them as they should be—and as a result many who would be entitled to a refund do not understand the procedure necessary to secure a refund. If an employer is making a deduction he should be compelled to keep records, and if deductions are made from the pay of an employee who, it is found, has not come under the act, such employer should be responsible for applications for refunds. Is it right to assume that the individual must make application for a return of funds collected, if he does not come under the act?

Mr. ILSLEY: Yes. The employee is the one who makes application. If, however, he wishes to make arrangements with his employer to apply on his behalf, or on behalf of all the employees, well and good; in fact such an arrangement would add greatly to the convenience of the department.

Mr. GILLIS: That arrangement could be made with employees where they have an organization? An understanding could be arrived at?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): I have no doubt that on a large number of contracts of employment no tax at all is paid. It must be so in the very nature of things. The honest employer will do everything the statute says, but the casual employer may not. The only way to get this tax checked and collected is to pass a regulation requiring every man who hires out his services to carry a pass book, in which should be entered every dollar he earns, initialed by his employer and accessible to the government, so that the whole thing may be checked. Otherwise there will be evasions. There must be a better system than the present. It is all right in the case of permanent employers, big corporations with large payrolls and a large number of employees. They will do it in order to protect themselves, but in the smaller cases it will be ignored.

Mr. CASTLEDEN: There must be a considerable number of people who do not have to pay the tax, their annual income not amounting to $660, or $1,200 in the case of married men, but who will not receive a refund of the money they have paid in. It would involve a great deal of bureaucracy, considerable bookkeeping, to keep track of every employee and employer. Would it not be more efficient to require persons who receive over $660 or $1,200 to make a return, as in the case of income tax? The employee might be asked to send in his returns and they could be checked over with the returns filed by those employing him. Has the minister anything to say with regard to such a system, whereby the whole procedure might be clarified and made more efficient?

Mr. ILSLEY: The whole principle is deduction at the source. In many cases returns will be made by these taxpayers, but in other cases the returns will not be made because the deductions will take place through the year. This provides a means of collecting the tax evenly over the year, and in any event it was felt, at the time the tax was introduced, that instead of waiting until the end of the year and then asking employees to make a return the deduction should be made throughout the period. I am sure a considerably larger proportion of the tax payable will be collected by the government under this method, because there will be quite a number who would spend it otherwise and to whom the payment of a lump sum at the end of the year would be extremely difficult, although they would not mind it so much if they had it deducted in this way.

Mr. CASTLEDEN: I am thinking of the person who does not have to pay the tax directly but from whom it is deducted. Many of these people do not know that there is a refund coming to them for the reason that their income does not come up to the specified amount. I believe the change to $660 is from the 1st of January, 1941?

Mr. ILSLEY: It is $660 from the 1st of July, 1941, not from the 1st of January.

Mr. O'BRIEN: I do not like to delay the committee but I wish to revert to the subject I was discussing a little while ago. I refer to the definition of piece worker or employee. I may have a quaint idea of my position in this house, but I believe I am here to help to make these laws that we are passing, in conjunction with 244 other members. If that is so, I do not know why the minister should tell me that I ought to consult a lawyer to find out the meaning of any law in the making of which I am supposed to be helping.

Mr. ILSLEY: I said not to.

Mr. O'BRIEN: I asked for some information and the minister said: "This is a very mild legal question, but not one about which it would be necessary to consult a solicitor."

Mr. ILSLEY: That is right.

Mr. O'BRIEN: If it is a legal question and I do not need to consult a solicitor, then I shall have to go to a crystal gazer because I do not know where to get the information. In this house we are entitled to information. If members cannot obtain information we can readily understand the confusion that must exist in the country.

I believe the word "bureaucracy" has been used, and earlier in the day the minister said we should not allow the impression to leave this house that we are trying to establish anything of the sort. Perhaps not; but if on a simple question like this members of parliament cannot find out what the law means, a law which they are making, how in the world can people who are doing business in the country possibly expect to cope, not only with these techncial regulations but with the mass of information that is demanded by every department in the federal government and in the provinces? Why, one department wanted to know how much sawdust we were burning in our saw mill. Sawdust is a nuisance, and they said to use a 2,000-pound ton, just in case one might be using one of 2,240 pounds. That sort of information is voluminous, and yet in the maritime provinces, while there are several large companies, there are other concerns in the owner-managed category. There are hundreds of small companies whose business records can be carried in one's vest pocket, so that the information will not be obtained by the government until the officials in the department have some actual knowledge of what does happen from the time a man is hired until he gets his pay cheque and the goods that are produced are sold. An efficiency expert has been described as a man who knows more and more about less and less until he knows everything about nothing. It seems to me we are rapidly approaching that point in our economic life, and it is getting to the stage where all the discussion in this house seems to be concerned with the rich individual or the big corporation. But all this taxation, at any rate a great deal of it, is coming out of the owner-managed type of business, and unless that type of business is sustained and the government recognizes it as worth while in the economic set-up, then it will vanish and the owner-managed type of business will eventually be a museum piece.

It is all very well for these regulations to be exacted from large corporations, because they can continue adding clerks to their organization until of course the business can no longer stand the strain. Then, as so often happens, these corporations go through the wringer—corporations never die. All the money that is put into them by the public is squeezed out. But the individual has to face his own responsibility; he cannot dodge the issue. If we are to go on employing people in this country with some degree of stability, that type of thing should be safeguarded, and that I am afraid is what we are beginning to call bureaucracy. I think the people are getting a little afraid of Ottawa and the regulations coming therefrom. I believe the provinces are afraid of Ottawa. Perhaps that is one reason why the Sirois commission report was not accepted. When we down in the maritimes have something happen within our own provincial jurisdiction under the British North America Act, we believe we are reasonably close to the government and the government is reasonably close to the people; but with a national issue in Ottawa that situation does not prevail. I believe that the people are of the opinion that a bureaucracy has been built up, and if the minister fears that opinion is going abroad in the land then he as a member of the government should see that more, shall I say, common sense business principles, are applied to the Department of Finance so that what I might call this pseudo-efficiency may vanish.

Mr. MacINNIS: I was not present in the chamber this morning when the minister evidently cautioned hon. members in regard to the danger of giving the impression that bureaucracy was increasing in this country. Possibly the minister was wise in cautioning hon. members in that regard, because it is very easy to give the impression that there is bureaucracy in government. But we can have a bureaucracy that is not in government. And it is the people in Canada who insist on

being bureaucratic in their business who object to bureaucracy in government. If we are to have bureaucracy in Canada I would certainly rather have a bureaucracy over which the people have some control than one over which the people have no control at all. It is merely a choice of which kind of bureaucracy we are going to have. We can have a managed bureaucracy in Canada or a bureaucracy imposed on the people by a plutocracy. That is what you are going to have. So that there is not much choice. I am all for the bureaucracy that we can control so far as it may be controlled through parliament. There are other things that could be said in connection with that.

I am not going to take up time suggesting that this defence tax be reduced. We have already done that. But there are certain considerations involved. First, there is the consideration that those who are liable to payment of the tax because of the wages or salaries that they receive should not evade payment. I do not know whether the minister is satisfied that he is getting all the tax that should be collected in that way or not. On the other hand there is the consideration that those who are not liable for the tax, because they do not receive a wage that brings them within the act, should not be compelled to pay and then those deductions not be returned to them. I think the minister stated last year that the intention was that tax payments made should not bring the wage or salary below the minimum figure. Take a person receiving a salary of almost $1,200, say $1,190. That person, if he were making out an income tax report to the department himself, would not pay any tax at all. But this tax is deducted at the source. Unless he makes application—and I imagine that the application has to be supported in some way that is satisfactory to the minister or the department—he will have paid approximately $60, a month's wage, which he should not pay and on which he will be unable to get a refund.

There is considerable merit in the proposal of the leader of the opposition that every employee should carry a book in which would be entered by his employer the amount of wages received and the amount of tax deducted. Then at the end of the year all that employee would have to do would be to return his book to the Department of National Revenue and they could see what he had received in wages and whether there was any refund coming to him.

These, I insist, are important considerations, and some way should be found of working them out. We should be sure that those who are liable to the tax should pay their share, but those who are not liable because they do not receive a wage which is sufficient to bring them under the tax, should not have to pay it, and if it is deducted from their wages a refund should be made.

Mr. PERLEY: The minister should give us something more definite. The suggestion made by the leader of the opposition is a pretty good one. I employ quite a variety of labour, some on my farm, some in town in the garden; I have a large block on which at times I have painting and decorating done, and taking off the storm windows generally takes a day or so. I should like to know why the minister could not have a book or something of the sort that could be entered up. In making my annual return there is not room on the forms for me to put in the number of labourers and what I pay and so on, so that I always send in a separate statement with respect to the labour I employ, the hours they work, wages paid and so forth. I want to make an honest return. As I see it I shall have to deduct from every one of these labourers a certain percentage. What would the minister do if he were in my position? I employ a painter for a few days, or a decorator, and I supply the material; or there is the labourer in the garden. What would the minister do if he were in my position, assuming the act to be as it is now?

Mr. ILSLEY: I would make the deduction, I think, if the rate at which the employee was working was more than the minimum rate.

Mr. PERLEY: Most of this work is paid by the hour, and the rate will certainly go over $600 a year for a single man. One man I have now, a sort of jack of all trades, usually gets 60 cents an hour, sometimes 75, so that it would soon run over the $600 a year rate. Is it the understanding that I have to make a deduction every time he works for me for a few hours?

Mr. ILSLEY: Yes, I would think so. I do not know about a few hours, but for every period of a day or more I think the deduction should be made. The man is probably earning more than $660 a year, therefore he is taxable, and if he does not earn that much he can get a refund. The hon. member is doing what most employers do; he sends to the department a list of his employees and what he pays them, so that the situation can be checked up at the end of the year.

Mr. HOMUTH: Have there been many applications for refund so far?

Mr. ILSLEY: Not very many.

Mr. MacNICOL: They do not know about doing it. It is "found money" for the government.

Mr. CASTLEDEN: What was the amount collected under this tax in the past year?

Mr. ILSLEY: This tax came into force on July 1, and for the period ending March 31, 1941, the amount collected was $27,672,-017.87. That was for nine months. If that is multiplied by twelve-ninths it will give the approximate amount for the first full year.

Mr. CASTLEDEN: It would amount to about $36,000,000?

Mr. ILSLEY: Yes.

Mr. CASTLEDEN: Have you the refunds to date?

Mr. ILSLEY: There have been no refunds up to date.

Mr. JACKMAN: In regard to these refunds, does the employee have to set out how many days he worked, how much he received and how much was deducted, or could he make a blanket claim just pointing out that he did not receive sufficient to bring him under the act, and ask the department to return the money deducted?

Mr. ILSLEY: He has to make his claim on the prescribed form. He has to show how much he has earned, where, from whom and how much has been deducted.

Mr. JACKMAN: I suppose it would not be possible for the department to do the bookkeeping for him if he put in a claim, knowing that he was under the minimum? It is obvious that most of these men cannot keep continuous records themselves. The government, on the other hand, will have the records of the employers, and I presume they must have a system under which they have an entry for each individual. It should be fairly simple in that case for the government to make the calculation for the man. Otherwise we cannot expect working men doing transient work to keep complete records; and I do not suppose the government wants to collect money from anyone who earns less than the minimum.

Mr. ILSLEY: That might be possible if he worked the whole year for one employer.

Mr. JACKMAN: Of course it would be very simple in that case, but if he had a number of jobs he would not know how many days he actually worked. Perhaps he just made enough to get along, and earned less than the minimum. Would not the government have the figures in regard to that individual? If it has, surely when that man files a claim the government could tell him what was his income and how much should be returned to him.

Mr. ILSLEY: He would have to tell the department who were his employers, otherwise the department would not be able to trace the deductions. If there were periods during which apparently he was out of work he would have to say so; otherwise he might have been working and the government would not know the name of his employer. He has to give the government some information about how long he worked, for whom, for how much, and how much was deducted; otherwise the department would have no way of knowing whether its conclusions were correct.

Mr. NICHOLSON: Have there been many prosecutions as a result of employers making deductions and failing to remit the money?

Mr. GIBSON: There have been no prosecutions.

Mr. NICHOLSON: I imagine there are in Canada employers who have made the deductions but have failed to report them, though I do not know of any myself. What machinery has the government to check up on whether or not all the money collected from employees is finding its way to the treasury? What machinery have you to find out whether the people who are collecting the money are making all the returns?

Mr. ILSLEY: The income tax inspectors in the various districts would have a pretty good idea whether any employers were holding back. If the inspectors were not getting returns from people whom they knew to be in business, presumably they would look into that. I have no reason for thinking that any employers at all have made the deductions and put the money into their own pockets. That would be theft, a criminal offence and a very serious offence under present conditions. I think if they deduct the money they remit it. There may be cases of delay; I do not know about that.

Mr. TUSTIN: In supplementary form T4, which has to be filed by an employer, will it be necessary for the employer to give the name of every person to whom he pays wages at the rate of over $600 a year and from whom he deducts the national defence tax? I know that must be done in connection with those more or less permanently employed, but what about temporary employees who work for only a day or two?

Mr. GIBSON: Those names have to be filed also, because if an application for refund is made we have to refer to the employers' returns in order to find out whether the tax has been deducted.

Mr. FRASER (Peterborough West): Will there be a limit on the time within which these refunds will be made? Will that be six months after the end of the year, or what? I should think you would require a limit; otherwise you would not be able to balance your books very well.

Mr. GIBSON: The application for refund has to be filed within one year. That is the time limit.

Mr. WRIGHT: And what is the time limit within which the employer must make his return to the government?

Mr. GIBSON: He makes his return every month.

Mr. O'NEILL: It has been said repeatedly that many people who are paid at more than the minimum rate required before this taxation is imposed, do not work enough during the year to become liable to the tax, but the employers have collected that tax from month to month. Now the contention is made that these employees never have that money refunded. I should like to know if the minister has any figures that would show how many applications have been made for refunds or how much money has been refunded. That would give us some information with which to meet the contention that many employees pay a tax which they should not pay, and then never have the money refunded.

Mr. GIBSON: No refunds have been made as yet. The application forms are just ready to go out now, on which people may apply for refunds, but no claims have been received as yet.

Section agreed to.

Mr. ABBOTT: With the permission of the committee I should like to revert for a moment to section 29, which I came in just a little too late to discuss.

On section 29—Machinery or equipment.

Mr. ABBOTT: It seems to me there is serious objection to the possible retroactive effect of this section. Section 90 as originally enacted in 1939 provided that certain deductions might be made in connection with moneys expended prior to April 30 for work actually done in Canada during the said period on the construction, manufacture, installation, betterment, replacement or extension of buildings, machinery or equipment. In one instance a taxpayer expended a considerable sum of money, running into many thousands of dollars, for machinery and equipment to be permanently installed in connection with his industry. For one reason or another the installation was not actually completed prior to May 1, 1940, though the work was done, the machinery was manufactured in other Canadian plants, and it had been paid for. If this amendment is put through it will mean that this taxpayer will not be able to avail himself of what I believe to be a sound claim for tax deduction under section 90 as it now stands. In other words, the section has a retroactive effect; it says that machinery or equipment manufactured and paid for in Canada during the period must have been installed. I suggest to the minister that the difficulty can be obviated by striking out the words "and is" and the words "within the said period," so that the sentence would read, "machinery or equipment affixed for a permanency." Where a taxpayer relying upon the law has made expenditures of this kind, it is not equitable that an amendment should be brought in later to deprive him of the benefit of the tax deduction which he believed he was entitled to make.

Mr. ILSLEY: The situation outlined by the hon. member is new to me and this section was not intended to cure anything like that. If I understand correctly the construction put upon the section by the hon. member, it covers the case where a taxpayer has ordered machinery and—

Mr. ABBOTT: And paid for it.

Mr. HANSON (York-Sunbury): Within the period.

Mr. ILSLEY: He has ordered it within the period and the machinery has been manufactured within the period by someone else. The hon. gentleman argues that that comes within the terms of the section. The idea I always had was that the work had to be done on the premises of the taxpayer, or that costs had to be incurred and paid by the taxpayer during that period in respect of work actually done in Canada, during the said period, on the construction, manufacture, installation, betterment, replacement, or extension of buildings, machinery or equipment in the said period from the first day of May, 1939, to the thirtieth day of April, 1940, provided that such buildings, machinery or equipment are to be used in the earnings of

the income of the taxpayer. I think the hon. gentleman's point is well taken. Perhaps we had better let the section stand.

Section stands.

On section 30—To whom applicable.

Mr. HANSON (York-Sunbury): Some time ago the government adopted order in council P.C. 7440, having to do with cost of living bonuses. If a conciliation board should decide that a cost of living bonus is necessary to maintain a reasonable standard of living for workingmen, will the government impose the national defence tax upon such bonus?

Mr. ILSLEY: It is taxable.

Mr. HANSON (York-Sunbury): It is a vicious spiral.

Section agreed to.

Sections 31 to 35 inclusive agreed to.

On section 36—Interpretation.

Mr. ILSLEY: This refers to section 29 which has been allowed to stand, at the suggestion of the hon. member for St. Antoine-Westmount (Mr. Abbott). If we drop that section, we shall have to drop this one.

Section stands.

Section 37 agreed to.

Progress reported.

PRIVATE BILLS

CONCURRENCE IN THE THIRD REPORT OF STANDING COMMITTEE

The house having reverted to the order for motions:

Mr. T. F. DONNELLY (Wood Mountain) presented the third report of the standing committee on miscellaneous private bills and moved that the report be concurred in.

Motion agreed to.

PRAIRIE FARM REHABILITATION

AUTHORITY TO UNDERTAKE PROJECTS INVOLVING ANNUAL EXPENDITURE OF LESS THAN $5,000

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a bill to amend the Prairie Farm Rehabilitation Act by empowering the minister, subject to the advice and representations of the advisory committees, to undertake certain minor rehabilitation projects and schemes and enter into agreements with respect thereto, provided that if the total amount to be expended under any such single project or scheme exceeds five thousand dollars in any fiscal year the approval of the governor in council shall be required; also to authorize the minister to pay administrative expenses and travelling and living expenses of officials and employees.

Mr. HANSON (York-Sunbury): Will the minister make his statement at this stage, or would he prefer to make it after we go into committee?

Mr. GARDINER: I prefer to do it in the committee stage.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. GARDINER: Mr. Chairman, under the bill as now drafted provision is made under section 12, for example, for the purchase of machinery by the minister up to an amount of $5,000, and there is provision for selling machinery not to exceed $500. Section 10 as it is now in the bill is the section under which provision is made for entering into agreements with provinces, municipalities and persons for doing certain things, such as taking over of lands which are to be placed in community pastures, or to be irrigated, or to be taken out of cultivation and perhaps seeded down to grass. But other works are undertaken such as the building of small dams, which probably cost $175, and small dug-outs on farms, which probably cost from $50 to $100. These have always been passed by the minister since the act was first set up. Other acts do make provision that expenditures up to $5,000 can be made by the minister and that anything over $5,000 requires an order in council. That is true, for example, with respect to public works.

It has been assumed ever since this act was passed in 1935 that expenditures up to $5,000 could properly be made under the general practice in the departments, but the auditor general questions the possibility of continuing the practice without special provision being made therefor in the legislation. It is therefore proposed that the act be amended by repealing section 10 and making it possible for the minister to pass upon these smaller projects. As it now stands, minor schemes and undertakings of the kind could not, according to the opinion given by the auditor general, properly be dealt with without the approval of council, and it is thought to be inadvisable that the smaller projects should be taken to council.

Mr. HANSON (York-Sunbury): Was there a legal opinion as to the legality of the former practice, or is it that the auditor general of his own motion has questioned the procedure?

Mr. GARDINER: I do not think a legal opinion has been asked for or given, unless it was obtained through the auditor general's branch, but last summer they were disputing the right of payment under the legislation as it now stands. Up until that time, speaking from memory, I do not think they had disputed it at all.

Mr. POULIOT: There is one thing I do not understand about this legislation. In the first place the idea of it was to help farmers who were suffering from the drought and did not expect a harvest or who had suffered from poor crops in previous years. The purpose of the legislation was, of course, to increase production, to permit those who had had a succession of bad crops to harvest more wheat. But since then there has been a great change. There has been the policy of the curtailment of the production of wheat, and some farmers are to be paid now not to grow wheat. But here in this legislation we are starting out again to give to those who have been unable to get very much wheat from their lands the opportunity to produce more wheat. It seems contradictory from beginning to end. I am strongly opposed to it. I think it is absurd. In the first place you say: cultivate more; in the second place, cultivate less; in the third place, cultivate more and cultivate less! I do not understand it at all.

If we had such legislation in the province of Quebec all the prairie members would be on their feet protesting against it. But we cannot get anything from the Department of Agriculture for the province of Quebec. I remember the time when the older provinces could get anything because they were able to say they were not bankrupt. But in the west the farmer said to the municipality that he was bankrupt. Then the municipality said to the province that the municipality was bankrupt. Then the province said to Ottawa that the province was bankrupt. And then everything was given to them and we had to empty our pockets for them. A queer idea, surely, of preaching unity in this country. I cannot understand it. And now they are coming here again with this legislation. I am opposed to it. I find it nonsensical.

I remember the time, Mr. Chairman, when Mr. Dunning and Mr. Rogers were on the stand and I asked them if the western provinces had paid their interest. I remember I was told that Manitoba was doing fairly well, and Alberta was doing fairly well, but Saskatchewan had not paid its interest or very little. Mr. Dunning admitted that, and Mr. Rogers admitted it. The other provinces now have less revenue. Hon. members will remember my stand on the succession duties act, and here we are being asked to pay more to encourage this sort of thing. If it is sensible to pay farmers not to produce grain, how can we, on the other hand, spend money to give them the opportunity to produce more grain? I would like to have an answer to satisfy my mind.

Mr. PERLEY: Perhaps the minister is not going to answer at the moment. I would judge from the remarks of the hon. member for Témiscouata that the minister is not depending on him to get this amendment through.

Mr. POULIOT: I am not the only one who thinks like that.

Mr. PERLEY: The minister referred to the fact that this legislation came into force in 1935. At that time an advisory committee was set up and for a year or two it played an important part in the work which was done in that regard. This rehabilitation legislation, under the minister, has on the whole served a useful purpose in the west in the matter of conservation of water, the seeding of certain areas to grass, and the establishment of community pastures. But I have a grievance in relation to the way in which the act has been administered—I was going to say particularly as regards the machinery set up to administer the act in the last two years. I should like the minister to state to what extent this advisory committee has made representations to the minister, say, in the last year, and to what extent its recommendations have been accepted and acted upon.

The minister indicated that under this amendment he proposes to proceed with certain small projects, and among others he mentioned dams. I would ask him to give the committee some indication as to the number of projects he has in mind. Does he propose to go ahead with the scheme outlined last year in respect of dams, and in connection with which some preparatory work was done by way of the surveying of ravines leading into the Qu'Appelle river? Several sites were surveyed and set out at which dams would be constructed, and it was the intention, I believe, to proceed in the very near future. Does the minister propose to go ahead with that work?—because I might say here and now that I am not very much in favour of the scheme. We should have a definite statement from the minister.

I have a grievance in respect of the work carried on last year, more particularly in connection with dug-outs, and I shall state

the grievance now. The dug-out scheme was inaugurated to give relief to farmers so that they could help themselves. The farmers made application to the proper authorities and received approval of their schemes, and they were supposed to do the work themselves, receiving about $150 for their labour. It was purely a relief measure. The idea was to give the farmer $150 to do the work, helping him by placing in his possession that amount of money, and also providing a water supply for his operations. There has been started what I consider to be a real racket with respect to the installation of these dug-outs. Certain contractors who had the machinery to do the work—the drag lines and ditch machinery—proceeded to make agreements with different farmers to do the work for them, and to collect the $150 in each instance from the department. This procedure was approved by the department. The contractors were in a position to put in hundreds of these dug-outs—a great many more than would otherwise have been possible.

I was invited to attend a certain meeting at which one of these contractors was to appear. I did not attend, may I say, but I learned after the meeting that the contractor had signed up many of the farmers for the installation of dug-outs on their farms. The contractor had the farmer sign an agreement in which it was stated that the contractor would do the work and receive power of attorney from the farmer to collect the money. My grievance is that while the face of the agreement bears the signature of a witness to the farmer's signature, no witness was present. I have in my hand one of the agreements purporting to have been signed by a witness. That witness was not at the meeting, and did not see the farmer sign. In fact the farmer who signed did not really know that this was the form he had signed. I have also a copy of a power of attorney taken from the farmer by the contractor. This too is signed by the witness, who was not present at the time the power of attorney was given.

I went to the contractor and asked him for the copy of the agreement I have in my hand. He gave it to me. I asked him for the power of attorney, and he gave me that also. When he opened his briefcase I saw that he had at least fifty of these documents already signed by the witness—and I have his name here. Those documents were all ready to be used wherever he went to secure a farmer's signature. The signatures, therefore were not witnessed at all.

There is one further point with respect to dug-outs. A number of farmers contracted for two, and some for three. A contractor who was building a dug-out on a man's farm suggested to the farmer, "Why not put in another one, while I have the machinery here?" The farmer replied, "Well, that would be all right with me, if I could do it." "Well," said the contractor, "the inspector will be here to-day. We will have him approve your application, and in that way I can do the job while I am here, and it will not be necessary to come back to do the work later." The inspector came and the application was made up. When it became necessary to have a witness to the second agreement he had made, and to the power of attorney the contractor was taking for the construction of the second dug-out, the question was asked, "How about a witness?" The inspector replied, "Well, your wife may witness this." When the farmer's wife took the pen to affix her signature the inspector said, "Just a minute, Mrs. So-and-So, you had better sign your maiden name; it would look better in the department, and it would be easier to have it approved."

I know of other cases of the kind—and all this happens in connection with the spending of public money. The farmer about whom I have been speaking did not want a second dug-out; he did not want even the first one. But he had attended a meeting where all the farmers were signing agreements for dug-outs, and he said, "Well, I will get in the swim."

I do not believe that was the intention, even of the minister. I appeal to him to see that that sort of thing is stopped. I am not accusing the minister, nor am I suggesting that he knows what was going on. But I have evidence before me showing that agreements were witnessed before they were signed. I do not believe the minister is the kind of man who would like to have that going on. I have brought the facts to his attention.

As I have said on other occasions, much useful work has been done under this act. At the present time however I believe there is a limit to which the development can be carried. The act has served its purpose. I do not believe there is much necessity for further developments. I suggest the minister ought not to proceed this summer with a general programme involving the building of large numbers of dams, as I understand is the intention in respect of the tributaries of and the ravines leading into the Qu'Appelle river.

I would ask the minister to make a statement respecting these matters. I appeal to him to have these practices stopped to which I especially referred.

Mr. GARDINER: Perhaps I should deal first with the observations of the hon. member for Temiscouata. He suggests that these dams were built for the purpose of assisting in grain-growing operations. That of course was not the intention. The intention in 1935 when the procedure was first adopted, under a previous government, was the very opposite. I believe it was the intention to provide water for live stock in some sections which are comparatively dry. The water is put into small dams and dug-outs for the purpose of encouraging the raising of live stock on farms which previously had been largely given over to grain growing.

At that time there was some question, and there is still some question, as to whether grain farms on their past basis should be continued. At the same time it was provided that some of these lands should be re-grassed, or that some system should be followed which would embrace the possibility of stopping soil drift by sowing rye grass, or something of the kind, thereby taking it out of cultivation. That part of the work is still going on. It is apparent therefore that the objective behind the construction of dug-outs and building of small dams was not that of growing more grain. So far as I am aware, a number of dams have been built for the purpose of encouraging irrigation. That irrigation is on a small scale, when compared with the irrigation projects in the larger areas of Alberta. Again however the intention was to make it possible for people to get away from grain growing and to operate their farms in conjunction with pasture lands suitable for live stock rather than depending upon grain growing for their livelihood. I make these observations only to indicate that the intention was not that of producing more wheat, any more than is the present policy one of producing more wheat.

I agree with the last remarks of the hon. member for Qu'Appelle. If what he has described as having taken place in one or two instances has, in fact, taken place, then of course I should like to be provided with definite information. I should like to have the names of the persons concerned, including the name of the inspector who took the action indicated: because it is not the intention of any officials in the department or of myself that business should be conducted in that way.

When the hon. member states that the installation of dug-outs "last year" became a racket, I believe he was referring to 1939 rather than 1940. A practice had been growing up of making applications for dug-outs in much greater numbers than could properly be installed in any one year. That was true right from 1935 on. In 1935, possibly four or five times as many applications were made as there were dug-outs constructed or even started; those applications were carried on into the succeeding year, and even in 1936 the number of dug-outs constructed was comparatively small. At that time the amount which was allowed in payment for moving earth was three cents a cubic yard. As most members know, earth cannot be moved at three cents a cubic yard with any kind of equipment. It was, however, intended that this would pay possibly a third of the cost of the dug-out. The farmer would take his own team and do the excavating, and this cash would provide him, while he was constructing the dug-out, with something to pay for a pump and any other necessities which he might have to buy for cash. It was not intended at the beginning that this payment should be so much a relief matter, because three cents a cubic yard could not have given him any considerable amount of relief.

In 1936, or 1937—I am speaking from memory—the three cents a cubic yard was increased to four and a half cents, the idea being that the farmers at that time had to buy their feed and were not able to construct dug-outs unless they purchased grain, and they thought they needed more money with which to make a start. For two years the scheme was operated on a basis of four and a half cents a cubic yard. During that time comparatively few dug-outs were constructed.

In southern Manitoba there had developed a practice under which the municipalities secured drag-lines and excavated these dug-outs for the farmers in the community. Provision was made by the municipality for taking care of the amount which had to be paid over and above what was paid to each farmer. The money was paid to the municipality, and it was finally agreed that we would accept the assignments made by the farmers to the municipal council for the amount that was payable to them. That developed into the plan which has been referred to by the hon. member for Qu'Appelle.

On every occasion when any change was made in policy it was submitted to this advisory committee that has been mentioned, and they argued for these particular changes in amounts and in the different methods of undertaking the construction. The strongest argument that prevailed was to the effect that during the drought period, when farmers were unable to provide even hay or grain, it was impossible to have horses in condition to go to the bottom of a thirteen-foot hole and bring

earth up. They did make provision at first to dig the first four and a half feet by means of horses and to complete the last six or seven feet in the bottom with draglines, the horses taking off the top four and a half feet in the first twenty-four hours and the draglines coming and cleaning up the job. They were digging about one a day.

Variations of the methods were submitted to the committee. In 1938, I believe it was, the amount was raised to six cents a cubic yard, again on the advice of the committee, the idea being that they were not able at that time to get farmers, on account of lack of crops and so forth, to construct dug-outs, and they wanted the dug-outs there when they got moisture. We consented to six cents. I must admit that during the time the scheme was operated on the basis of six cents there did develop some conditions that could not be adhered to for any great length of time. I attended the meeting of the committee in the spring of 1939 and objected to the six-cent rate for dugouts constructed by dragline, and I had to argue against most of the committee. I finally stated that I would reduce the rate to four and a half cents that fall whether they liked it or not, and it was finally reduced.

During 1939 there were a great many dug-outs constructed on the basis of the six-cent rate, and, as hon. members know, the amount of money which was voted by this house for the purpose was exceeded. That is, there was an accumulation of applications over the whole previous three or four years during which the plan had been in operation. No method had been set up that would prevent farmers from going ahead and digging those which had been authorized in previous years; and on the accumulation, and with the operation of the drag-lines just prior to the outbreak of the war, when contractors had very little to do and used their draglines for this purpose, many more dug-outs were constructed than anyone had anticipiated in any one year, with the result that these payments had to be made last year.

I can understand why some of my friends have said—they have said it on previous occasions—that there were certain reasons for that; but I would recall once more that in the spring of 1939, in the month of May I believe—the records are all there—this whole matter was discussed in the advisory committee. I think every member of the committee will agree that it was the minister who argued for a reduction to four and a half cents and insisted upon it. As a matter of fact, in the fall of 1939 I personally stopped the further construction of dug-outs because they had exceeded the expenditure, and hon. members, partcularly those from the west, will remember that there was a great deal of criticism all through the fall of 1939, through the winter of 1939-40 and well into the summer of 1940 as a result of the action which was then taken. With the payments finally cleared up, the regulations under which we are operating now, the instructions under which the organization is carrying on, will not permit of their going beyond the amount of money actually voted. Therefore this year we are operating on the four and a half-cent rate per cubic yard, and operating under conditions where the amount of money voted will not be exceeded.

In referring to the matter of the Qu'Appelle valley, I can only say that engineering groups have been investigating the possibilities of irrigation development both north and south of Qu'Appelle valley and the streams running into Qu'Appelle, and in the Qu'Appelle valley itself. The information is not sufficiently complete at present to enable one to say whether the plan will be proceeded with or otherwise. My view at the moment would be probably the amount of irrigation which can be carried on in these areas will be quite limited, largely on account of the amount of water which will be available for irrigation purposes. There are other works which were put in many years ago, back about 1904, or somewhere about that time, on the Qu'Appelle west, in the vicinity of Long lake. Some of these are giving some difficulty now, as I am sure the hon. member for Lake Centre will agree. They are causing difficulty in connection with the level of the water in Long lake. There is some discussion going on with the committee concerned with summer resorts above Long lake regarding that, but until we have a complete report from the engineers with regard to the whole matter, I would not be prepared to say what will be done in connection with this development.

Mr. NICHOLSON: I always listen with a great deal of interest to the hon. member for Témiscouata. This afternoon, however, I could not accept the views he expressed. I have not visited the hon. member's constituency, but from what I have seen of the beautiful province of Quebec, the probability of shortage of water would not be very real in many areas of that province.

In Saskatchewan and the prairies, however, large areas have been settled with a view to engaging in extensive wheat farming. Those areas were settled when it was taken for granted that there would be a sufficient supply of moisture to ensure a profitable industry. Through no fault of the farmers many of those areas have not received sufficient moisture.

The work carried on under this legislation has meant a great deal to many people, and therefore I hope the hon. member for Témiscouata will not object too seriously to the carrying on of this important work.

What I rose to say was to express thanks to the minister for extending the work into north-eastern Saskatchewan. Many hon. members have suggested that mixed farming might be developed much more extensively in western Canada. But where people have to haul water three or four miles, the raising of live stock presents a real problem. Through the work carried on under this administration, a great many farmers have been able to construct dug-outs and have adequate water for the entire year, and the money appropriated has been money very well spent.

In my constituency there has been some discussion in connection with the providing of a dam on the Assiniboine river north of Preeceville. I understand that this dam, if completed, would benefit the town of Kamsack to a considerable extent. Would the minister give some indication whether the policy is to provide dams of that sort? I understand that the money required would be sufficient to construct a great many dug-outs for individual farmers. If there were plenty of money available to carry on both types of work, there might be some argument for putting in the larger dams, but in the meantime I think all the money available should be used to provide dams for individual farmers so that they might be self-supporting to a greater extent than they have been. Would the minister make some statement in this connection?

Mr. GARDINER: I shall be in a much better position to discuss the financial features of the programme when my estimates are before the committee, whether to-night or at some later time. I have not the books before me at the moment. I believe the estimates will be before the committee to-night, and I could discuss these items better at that time if hon. members will permit.

Mr. POULIOT: I take the opportunity to say through the Chair to my friend the hon. member for Mackenzie, who is very popular in this house and whose speeches are always appreciated by every hon. member, that he does not understand my point of view at all. I hope that situation will be changed in a few minutes.

In the first place, my constituency is one in which are to be found mixed farming, settlers and so forth. They are people who are accustomed to live by themselves, and they ask nothing unless they see people in the same circumstances in other parts of the country receiving something. Then they say, "How is it that those people get so much and we in this part of the country do not?" It is just as if they had smallpox or diphtheria or some other contagious disease and were put in quarantine. Nobody complained so long as they were accorded the same opportunities as our friends in the west received, but when some farmers in the west are given privileges and the east is discriminated against, then the complaints start. My hon. friend will understand why that is so.

I do not discuss the usefulness of this programme. I am not in a position to do so because I am not an agricultural expert. If I were I would be in a better position than the hon. member or any agricultural representative of the west who is an expert, because I would not be biased and would not have to rely on the votes of the people concerned to form my opinion. Now, however, I am not biased when I speak of my people because they get nothing. I make the statement that they get nothing. I make the further statement that the Department of Agriculture as now constituted is not a dominion department; it is a prairie department, and the eastern provinces cannot get anything out of it. That is the reason why I suggest the abolition of the dominion Department of Agriculture, and that the cost of it be distributed in proportion to the rural population of each province, so that everyone will be on the same footing. What good does it do the eastern farmer to be always reading in the papers that the western farmer gets a little more, a little more to-day and a little more to-morrow; that the day after to-morrow there will be something for him, and that next week he will have something more, a nice little toy to play with, while the other gets nothing in his stocking? The western farmer has always something new, a life-saver, good for the throat, a little dessert, and the other gets nothing. I find it unfair.

Mr. PERLEY: How about the cheese bonus?

Mr. POULIOT: And the more the western farmer gets the more he complains.

An hon. MEMBER: What about apples?

An hon. MEMBER: What about the growing of fibre flax?

Mr. POULIOT: If everything that is given to the east is summed up and compared with everything that has been given to the west, no one will see through what was given to the

west. I mean by that that the west has received so much that it is impossible to see through what has been given.

An hon. MEMBER: What about the St. Lawrence waterway?

Mr. POULIOT: That will not give five cents to the eastern farmer.

Mr. CRUICKSHANK: Will it give anything to British Columbia?

The CHAIRMAN: Order. At the end of each session it has been customary to allow great leeway to hon. members, but a line must be drawn somewhere. The resolution before the committee purports to enable the minister to deal with small projects not exceeding $5,000 without the formality of an order in council, and provides for the necessity of an order in council for such projects as exceed $5,000. We shall not make much headway or observe the rules by comparing the amounts appropriated for the western provinces with those for the eastern provinces. I would draw the attention of hon. members to the resolution that is before them.

Mr. POULIOT: Yes, sir. I will now describe it as I visualize it. There is a little stream, and a little dam will be built. It cannot be a big dam, but it will be left to the discretion of the minister. And there is some sand. But the little dam will be built, and then there will be a little pond. The little pond will help to fertilize a little ground on both sides of the little stream. Then part of that water will be used for mixed farming; but since hogs are fed grain, the remainder of the water will be used for the production of grain. Therefore it is only because some pasture is required for the hogs, and the hogs will produce bacon for the allies, that this can be called a war project.

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: Hon. members laugh, but this is the only possible explanation for calling the scheme a war project. I am sorry, but that is the only way I can see it as having anything to do with patriotism or serving the cause of the allies.

Mr. DIEFENBAKER: I should like to read the pertinent part of this resolution before commenting upon it:

> . . . that it is expedient to introduce a bill to amend the Prairie Farm Rehabilitation Act by empowering the minister, subject to the advice and representations of the advisory committees, to undertake certain minor rehabilitation projects and schemes and enter into agreements with respect thereto, provided that if the total amount to be expended under any such single project or scheme exceeds five thousand dollars in any fiscal year the approval of the governor in council shall be required; also to authorize the minister to pay administrative expenses and travelling and living expenses of officials and employees.

I am not arguing against the principle of the Prairie Farm Rehabilitation Act, or against the necessity for the expenditures that have been made under that act, or against the benefits that have accrued to the people of western Canada, giving them an opportunity to rehabilitate themselves. But, Mr. Chairman, if I may use the expression, I am inclined to be slightly suspicious as to the reasons that actuate the minister in introducing this amendment which on its face appears to be so innocuous. In the estimates for the current year, 1941-42, an amount of $2,500,000 is provided to be expended in connection with projects under that act. The system in vogue under the statute is for the minister to appoint an advisory committee, which advises the minister. As the minister admitted—although he said some of us were rather suspicious of the coincidence that it was the year before an election—in 1939 there were overexpenditures. That situation was dealt with in the auditor general's report, to which the minister made reference, and I should like to quote that report in reference to this matter. At page 61 I find the following:

> Commitments of approximately $1,315,575.20 were incurred in excess of the amount appropriated without certificates of the comptroller of the treasury being secured in the manner provided for by sections 26 and 29 of the Consolidated Revenue and Audit Act, 1931. These overcommitments, by group classifications, are made up of: land utilization, $22,036.47; water development, small projects, $909,553, large projects, $384,185.73.

I pause here to point out that under the statute authority was provided for the minister to make certain expenditures; yet in 1939 he exceeded the amount he was permitted to expend by over $1,300,000. Then the auditor general's report goes on to say:

> By an amendment to the Prairie Farm Rehabilitation Act . . . the minister may, subject to the approval of the governor in council, enter into agreements with provinces, cities, towns, persons, etc., for projects or schemes for the conservation of water. Payments during the year were made in several cases on ministerial authority only, examples being payments to W. B. Ramsay, Regina, for construction in connection with the Magrath irrigation canal, $1,858.12 and to W. V. McKinnon, Saskatoon, re the Castle river test hole, $2,755.58. Similarly, payments for stock-watering dams and community projects where the total cost did not exceed $5,000 were paid without the approval of the governor in council.

In consequence of the auditor general having drawn to the attention of this house and the country the overexpenditure made by the minister on his own authority, there was

a considerable amount of criticism. The minister now asks the house to amend the act as it now stands, and the amendment means this. Take a year when the minister might consider it necessary or advisable to overexpend the amount voted by this parliament and, in addition, to pay those who do the work, without the authority of this parliament. Apparently that is the reason for the introduction of this amendment. What does that mean? It means that parliament is asked to give the Minister of Agriculture the power, apart from any control by parliament, to expend any amount he chooses for such schemes as in his discretion he deems necessary, provided that the expenditure on any one project is less than $5,000 in any fiscal year.

Mr. McNIVEN: And subject to the advice and representations of the advisory committees.

Mr. DIEFENBAKER: Yes, subject to the advice of the advisory committee which—I make no criticism in this connection—no doubt is appointed upon the recommendation of the minister himself. In this connection I noticed that when the hon. member for Qu'Appelle asked the minister whether he was bound by the representations of these committees, or whether he followed those representations in all instances, the minister made no reply. Therefore the situation as it now stands, is that if parliament gives the minister the power he seeks in this amendment, he can expend any sum of money he may choose; he can spend that money where he chooses and when he chooses without any control on the part of this parliament over that expenditure, provided that in no single project is an amount of over $5,000 expended. If he wishes to develop larger projects and expend greater sums of money, he does not require the consent of this parliament, the consent of the representatives of the people, all he needs is the authority of an order in council.

I listened with interest to his explanation of the purposes of and the reasons behind this legislation, and I again make the protest which I have raised before with regard to other similar legislation, that parliament has a duty, and that duty is to control the expenditure of money. Expenditures should not be made without the authorization of parliament. In war time it is necessary that the executive should have wide powers, but that does not justify this amendment. There has been a trend within this parliament in the last year to abdicate our rights to the governor in council to an ever increasing degree. The excuse may be given that we are at war. This would apply to war measures, but it does not excuse the minister being given carte blanche to expend money as he sees fit on domestic matters not related to the war.

Those who now sit on the government benches were loud in their criticism of the former government of Mr. Bennett for passing orders in council, but there has been no greater offender in the history of Canada than the present government. Fourteen thousand orders in council have been passed since the outbreak of war, 4,908 since the present session of parliament began, 2,898 of which were passed while parliament was actually in session. Statutes have been amended and suspended in their operation, and in one instance access to the king's courts has been denied. This resolution is a continuation of the trend against which I protested at the time the minister introduced the summer-fallow vote.

In connection with non-war measures this parliament is being asked to place in the hands of the minister power to expend money without the control of parliament, subject only to the whim of the minister. I protest against this tendency. I approve the principle of the act, but I do not see why this committee should be asked to approve a course of conduct which has been condemned by the auditor general and which is contrary to the principles of representative government. We should not be asked to place in the hands of any one man, however estimable he may be, power to expend money without the necessity of authorization by parliament.

Mr. QUELCH: What is the programme for this year with regard to the construction of small dams and dug-outs?

Mr. GARDINER: I do not think the hon. member was in the chamber a few moments ago when I replied to the hon. member for Mackenzie (Mr. Nicholson). I expect that my estimates will be up to-night, and a better opportunity will be accorded to discuss these matters. As a matter of fact, the Chairman has ruled that we are discussing the possibility of making payments up to $5,000, rather than questions of reconstruction and other matters like that.

Mr. HANSON (York-Sunbury): The principle contended for by the hon. member for Lake Centre (Mr. Diefenbaker) is an important one, and so far I have heard no defence of its breach by the minister. My recollection is that because of the drought conditions that existed in 1934 and 1935, the technical officers of the government suggested this form of rehabilitation and amelioration in certain parts of Canada. Notwithstanding what the hon.

member for Témiscouata (Mr. Pouliot) has said, I think there is a good deal of merit in this measure. I object, however, to this resolution having the appearance of a blank cheque, within certain limitations, in connection with new enterprises. There is no knowing to what extent the government may be committed under the principle of this resolution as it now stands. We should know exactly what is contemplated and what burden is to be placed upon the country.

By no stretch of the imagination can it be said that this is a war measure. It is simply a continuation of a rehabilitation measure which was approved by parliament in days gone by. Experience has shown that this whole thing has run away with itself in so far as overexpenditures are concerned. There has been no real check on that aspect of the matter, which has called forth remonstrances from the auditor general. In 1931 we passed the Consolidated Revenue and Audit Act, the intention of which was clear. The intention was not only to discourage but absolutely to prohibit overexpenditure by departments in any field of enterprise that they might undertake. So far as I can see, the minister has taken to himself powers which at least the audit department does not consider he ought to possess. I am aware that there has been a different interpretation in connection with the matter, and this should be clarified by an opinion from the Department of Justice.

Mr. GARDINER: I was not certain that there had been an option, but it has been sent to me.

Mr. HANSON (York-Sunbury): Will the minister read that before he finishes? I had an idea that an opinion had been given, but I was not quite certain as to the legal position and power of the minister, according to existing legislation. According to the wording of the legislation, there is no limitation upon the gross amount that may be expended by the minister; that is left to him to decide, provided that the expenditure does not go beyond $5,000 on any one project. Of course that is a negation of parliamentary government. If the minister had been here in 1931 and 1932, I have no doubt he would have joined in the chorus of condemnation against the theory of giving blank cheques to the government. I am looking at the member for Vancouver Centre (Mr. Mackenzie) at the moment, and he is shaking with laughter because he appreciates the allusion I am making. If the theory was bad then it is bad now, and it may be worse now because the country is at war and we should be more careful about these peace-time expenditures. As a matter of fact, I do not think the minister has made out a case for continuing these expenditures at the present time. I say that with great deference because I have not personal information. Of one thing, however, I am certain, namely, that the way this resolution is worded it is absolutely bad in principle, and the minister should not ask us to pass the resolution in its present terms.

Mr. GARDINER: What is really being asked for appears in the bill itself which will be brought down later, and which conforms with the principle in many other acts and has been the principle adopted in connection with public works, I think, since confederation. I shall, however, deal with that in a moment.

For the time being I wish to refer to the fact already mentioned by others, that the first act dealing with this matter was passed in the spring of 1935. The date of the act is April 17, 1935. It is a very short act covering two sides of one sheet, and provides, first, for an advisory committee. It states, not the persons who are to constitute that committee, but the organizations whose officials shall constitute the committee. Then it goes on to provide that the committee shall consider and advise the minister as to the best methods to be adopted, in much the same terms as are used in the act with regard to the advisory committees that are there now. Then it provides:

> No member of the committee shall receive any payment or emolument for his services.

Another section provides:

> The minister may appoint such temporary technical, professional and other officers and employees as he may deem necessary and expedient for carrying out the provisions of this act and the salaries and expenses of such officers shall be fixed by the governor in council.

That is exactly the same section as is contained in the present act.

Another section provides:

> The governor in council may make such regulations as may be necessary or expedient for the effectual execution and working of this act and the attainment of the intention and objects thereof.

That is, everything that was provided for in that act is contained in those few sections. The advisory committee is there which advises the government; and, as was said by the hon. member for Lake Centre, the principle has been in the act from the beginning, that the minister or those administering the act may take the advice of the committee. That is the meaning of "advisory". They may proceed otherwise or just as they choose after having had the benefit of the advice of the committee. To an extent, that is true and

has been true all the way through. Before we came into office—I am speaking from memory—there was only one meeting of that committee, and that was held very early in the setting up of the organization. There has been quite a number of meetings of the committee since.

The act of 1935 limited the amount of money that was to be expended. It provided:

For the purposes of this act the sum of seven hundred and fifty thousand dollars shall be appropriated and paid out of the consolidated revenue fund of Canada during the fiscal year 1935-36 and for each fiscal year for a further period of four years a sum not exceeding one million dollars per annum as may be necessary to continue and extend the work undertaken under this act.

Then section 9 provides:

The minister shall annually lay before parliament a report of all proceedings under this act for the preceding fiscal year.

That is the whole act, and I would point out that unlimited authority is given there under order in council and within the amount of money which was voted by parliament, which in the first year was $750,000 and in each succeeding year, $1,000,000. In the first year the present government was in office the act was amended to remove the limitation on the amount and to make it the amount which was voted by parliament. From that year down to the present, only in one year has that amount been exceeded, namely, in 1939, and for the reasons I gave to the committee earlier in the discussion. I am sorry that the hon. member for Lake Centre was not in the chamber when I first explained the matter. I referred to the fact that this provision with respect to amounts under $5,000 is in the Public Works Act and that the same principle is followed by every department of the government in expenditures on public works.

The hon. member for Lake Centre quoted from the auditor general's report. I will again quote the same passage showing what the auditor general had to say:

Commitments of approximately $1,315,575.20 were incurred in excess of the amount appropriated without certificates of the comptroller of the treasury being secured in the manner provided for by sections 26 and 29 of the Consolidated Revenue and Audit Act, 1931. These overcommitments, by group classifications, are made up of: land utilization, $22,036.47; water development, small projects, $909,553, large projects, $384,185.73.

The first thing I wish to say with regard to that is to reply to the suggestion made by the hon. member for Lake Centre that this was an election year. It was not of necessity an election year, and I do not know that anyone had any idea that it was going to be an election year. Furthermore, it did not turn out to be an election year. I do not think anyone had any idea, until within perhaps forty-eight hours of the time the election was declared, that there was going to be an election even in the year in which it was held. I suppose my statement to that effect will be used against me after I make my next statement. It is this, that if I paid half as much attention to politics as my hon. friends think I do and had been half as much the politician as some of them think I am I would not in September and October, 1939, have stopped expenditures upon small dug-outs, dams and structures of every kind in connection with these water undertakings, simply because, under the programme as it was then being carried on, these works were exceeding the expenditures. It is true that some works could not be cut off immediately. If they had all been cut off immediately, it is true that there would have been an overexpenditure when I discovered it in September and October when I was in western Canada.

Mr. HANSON (York-Sunbury): It was the minister's duty to cut them off.

Mr. GARDINER: And he did cut them off, but there was an overexpenditure for the reasons I have stated, and some of the criticisms which have been made by the hon. member for Qu'Appelle are justified by the facts as they then existed. If they had not been justified, the expenditures would probably not have been stopped in the manner in which they were. But they were stopped and stopped within three or four months of the time the election was called.

Again I repeat what every member from western Canada knows, that I, in common with every member who contested a constituency on behalf of the government of Canada, had to meet criticisms to the effect not only that these expenditures were cut off but that the farmers were told and contractors were told that they could not receive payment even for works which had been done until the whole matter had been placed before the House of Commons and the money voted in order to meet the payments.

Mr. PERLEY: Did the minister not allow contractors to continue to take new contracts knowing that they were not going to get the money for another year?

Mr. GARDINER: I do not know of any contracts that were let on that basis, but I know that some contractors said that they were going to go on and complete their contracts, believing that the government of Canada, whatever government was in power

and whether or not an election was held, would recognize the liability of the government to pay for those contracts. Tenders had been properly called for and contracts let; under these circumstances some contractors said that they were prepared to proceed and complete their contracts, and they did.

Mr. PERLEY: I told one contractor that he was taking chances and he said, "I am willing to take chances".

Mr. GARDINER: I think it has been the general practice of governments to permit contractors to take those chances. As a matter of fact, it has been the custom here, ever since I have been in the house, and I think it has been the custom since confederation, that moneys are voted for public works, contracts are let, and certain moneys are expended in one year while certain moneys are spent in another year. When money is not sufficient, then further money is voted in supplementary estimates in another year in order to take care of the work. The contractor goes on with the operations, and the money as finally voted is paid. That has been done, and I believe it has been the general practice. The dredging of the St. Lawrence river is in exactly the same classification. Many other works in connection with which that practice is followed could be mentioned to the committee.

In any event, however, there was an overexpenditure of money; I admit there was a much larger overexpenditure of money than should be allowed under any act of this kind. Immediately I found there was to be an overexpenditure, I put a stop to it, and cancelled the authorization. I cancelled any contracts which could be cancelled at that time.

Mr. DIEFENBAKER: What control is there on the part of the minister to ascertain at any time how much has been expended?

Mr. GARDINER: The control that exists in connection with all works of this kind, whether provincial or federal, is the control of the amount of money voted for a particular purpose. The amount of money voted in this particular instance was $2,500,000. That will appear in the estimates, as they will be brought before the committee—probably to-night. That is the limitation as to the amount of money which may be expended.

The limitation in the department, under the present provision, is that we divide that money, and we say, "We intend to spend so much on dug-outs, so much on small dams, so much on large projects, so much on grass, and so much on other things." The comptroller has insisted that this be done, and we have done it. If we do want to make an expenditure in one line in excess of what we had intended in the beginning, we can make it only if we have not expended all our money in some other section, and we have the expenditure of that money authorized by transferring it to the first referred to activity. Therefore I suggest that in respect of this $2,500,000, there is complete control, which did not obtain in connection with these transactions in 1939.

Mr. DIEFENBAKER: What were the controls in 1939?

Mr. GARDINER: There was not sufficient control. That is, the operations had been going on from 1935, with applications coming in from year to year. I explained all this to the committee this afternoon, before the hon. member entered the chamber. The applications came in for so many hundreds of operations in 1935, and as I remember it, only about one-quarter of them were completed. The others were carried into 1936. So many applications were received in 1936, and only part of them completed; the remainder were carried into 1937, and so on, until 1938 and 1939. Then in 1938 and 1939, because we partly were paying six cents a cubic yard, and because contractors found they could make money at that rate, particularly if the farmers gave them $25 in addition, the contractors constructed large numbers of dug-outs. The result was that before we discovered that we were likely to have an overexpenditure, the amounts had run into the figures indicated in the auditor general's report.

Mr. HANSON (York-Sunbury): In other words, the thing got out of hand.

Mr. GARDINER: That is the position. As soon as it did get out of hand, we stopped the procedure, and placed in effect regulations which are now in control and which, I am quite certain, will prevent a repetition from now on.

With regard to land utilization, and just by way of explanation of what the auditor general says, I would point out that the treasury office now reports an error in its calculations of the overcommitment in land utilization, upon which the auditor general presumably based his notes. The amount, instead of being $22,036.47, is $3,797.80.

Mr. DIEFENBAKER: From what is the minister reading?

Mr. GARDINER: From some comments I have prepared.

Mr. DIEFENBAKER: The minister is not quoting from the auditor general's report?

Mr. GARDINER: No; I have already read the statement to which reference was made by the hon. member for Lake Centre. I shall not read it again.

Council was asked to authorize land purchases to this amount in excess of the available fund, in order that the legal procedure in connection with effecting the transfers, requiring some months to complete, might be commenced. That is, there is nothing irregular or unusual in this. Certain lands were required in connection with certain projects. The council was asked to authorize expenditures of money to secure those lands. Instead, however, of the overcommitment being $22,036, it was $3,797.

I believe I have already explained the situation with regard to small projects. My note is just in clarification of what I have already said. The same comment applies to large projects. In the case of small and large projects all construction authorized and to be completed to the end of the fiscal year 1940-41 has been paid for in full out of the funds made available by parliament.

The next section which was read by the hon. member is as follows:

By an amendment to the Prairie Farm Rehabilitation Act, chapter 7, assented to April 5, 1939, the minister may, subject to the approval of the governor in council, enter into agreements with provinces, cities, towns, persons, etc., for projects or schemes for the conservation of water.

That is the section with which we are now dealing, and which is, I believe, to become section 10 in the act. The quotation continues:

Payments during the year were made in several cases on ministerial authority only, examples being payments to W. B. Ramsay, Regina, for construction in connection with the Magrath irrigation canal, $1,858.12 and to W. V. McKinnon, Saskatoon, re the Castle river test hole, $2,755.58. Similarly, payments for stock-watering dams and community projects, where the total cost did not exceed $5,000, were paid without the approval of the governor in council.

From the beginning of the operations of the Prairie Farm Rehabilitation Act, that is from April, 1935, the minister in charge—and there have been only two, namely Mr. Weir, who was the minister under an earlier government, and myself—has, under authority of section 36 of the Public Works Construction Act, entered into contracts not involving expenditures of more than $5,000. This authority was confirmed by the treasury office on February 6, 1937.

That is, someone raised the question about it at that time. It was referred to the treasury office, and there was the confirmation that under the Public Works Construction Act we had authority to make payments up to $5,000. That was always considered to be so, both by the previous minister and by the department and, since I have been in charge, by myself and by the department.

Mr. HANSON (York-Sunbury): Then, if that is so, why is this measure necessary?

Mr. GARDINER: I shall come to that. This authority was confirmed by the treasury office on February 6, 1937. It was not considered that this authority was removed by the addition to the act of the present section 10, providing for a wide variety of agreements with provinces, municipalities and others. That is the point to which reference has been made. In other words, it was not intended either by council, by the minister who brought in the legislation or by the officials of the department who drafted it, that this authority was removed by the addition to the act of section 10 as introduced into the house providing for a wide variety of agreements with provinces, municipalities and others.

As for community projects, which are small projects built for the use of a number of individuals instead of one, and the average cost of which is less than $1,000, it was considered that order in council P.C. 71 of January 11, 1939, which gave the minister authority to "enter into leases or other agreements in connection with the use of land, buildings and equipment," covered the agreements with the municipalities relating to these projects, and the expenditures thereunder.

At the time this matter was brought up, the question of payment up to $1,000 was settled by order in council, under the power which is given in the act to make regulations. In other words, I do not believe it was necessary for me to bring this legislation to the house. I think it would have been possible to have taken an order to council under the powers given under the act to make regulations, and to have had a regulation drawn up empowering me to spend money up to $5,000, just as I was empowered under the order in council of January 11, 1939, to spend money.

But I took this position, and I take it here now, that in view of the fact that criticisms had been made, not upon the basis of what the auditor general intended to be taken from the remarks which he had made, but upon the basis of the auditor general's remarks as they stood—criticisms which had appeared in magazines and newspapers with regard to these expenditures—the matter should be taken care of by the house, and that if $5,000 is to be expended under the act, as under similar acts and in connection with similar works, and if the minister is going to be able to pass upon them, the matter should be provided for in the act itself. That is why the act is before the house.

Mr. DIEFENBAKER: Why does the minister ask for a resolution authorizing him to pay administration, travelling and living expenses of officials and employees?

Mr. GARDINER: We shall come to that.

Mr. DIEFENBAKER: Why ask for that?

Mr. GARDINER: It is all dealt with here. As a matter of fact, to discuss it shortly, there is no act that is properly drawn, having to do with any matter such as this, that does not give that authority. What this act, as now set up, does is to empower the minister to appoint persons, of course with the consent of council. It does not, however, provide for his paying their expenses, and naturally they will not operate unless expenses are paid. But expenses have been paid and passed by the auditor general, and passed by everyone concerned, right down to the present time, and we considered that the authority should be in the act.

Mr. PERLEY: Will the minister admit, with respect to the criticism made of himself and the department, that no other interpretation could be put upon the auditor general's language? Surely he would not criticize anyone for having made criticism after reading that language.

Mr. GARDINER: I am not going to criticize those who made criticism on the basis of the auditor general's report. In view of the criticism, however, I think it is wise to have the act clarified and have it brought here rather than allow the matter to be handled by way of regulation.

Let me complete the statement. As for community projects, which are small projects built for the use of a number of individuals instead of one, and the average cost of which is less than $1,000, it was considered, that order in council P.C. 71, of January 11, 1939, which gave the minister authority to "enter into leases or other agreements in connection with the use of land, buildings, and equipment," covered the agreements with the municipalities relating to these projects and the expenditures thereunder.

Then on January 21, the comptroller of the treasury wrote to the deputy minister of the Department of Justice in order to get a ruling on the matter. Referring to the Prairie Farm Rehabilitation Act, he says:

Section 7 reads:

"The governor in council may make such regulations as may be necessary or expedient for the effectual execution and working of this act and the attainment of the intention and objects thereof." In pursuance of this authority, the governor in council, by order dated the 19th day of June, 1936, P.C. 1464, approved what are called regulations (copy enclosed). Section 8 of the act of 1935 was considered inadequate, and by section 4 of an amending act was repealed and the following substituted therefor:

"For the purposes of this act the governor in council may from time to time authorize the expenditures in each of the fiscal years 1937-38 to 1939-40 inclusive, of sums not exceeding the amount appropriated by parliament in each year for such purposes."

This section has been interpreted as requiring—

These are the words of the auditor general:

—the approval of the governor in council of all expenditures regardless of their nature, and in effect to nullify the minister's authority under P.C. 1464.

To overcome this difficulty order in council of the 11th day of January, 1939 (P.C. 71) was passed. The intention was to revest in the minister authority to conclude those matters specifically mentioned, and in addition to vest him with authority to pay necessary administration and travelling expenses.

Under a further amending act, 3 George VI, chapter 7, section 8, as amended, was again amended to read as follows:

"For the purposes of this act the governor in council may from time to time authorize the expenditure of sums not exceeding the amount appropriated by parliament in each year for such purposes."

Section 2 of the last mentioned act added three new sections to the statute as follows.

The first mentioned is section 10. I do not think I need read that one. It is the section under consideration now, and if it may be taken as read I shall have it inserted in *Hansard* so as to have the record complete.

"10. The minister may, subject to section four of this act and with the approval of the governor in council, enter into agreements with any of the provinces of Manitoba, Saskatchewan or Alberta or with any city, town or other municipality within any of the said provinces, or with any person, firm or corporation, with respect to the development, promotion, construction, operation and maintenance of any project or scheme undertaken under and by virtue of this act or which may be deemed necessary or desirable for the conservation of water.

"11. The minister may, for the purposes of this act, and with the approval of the governor in council, purchase, lease or otherwise acquire, or sell, lease or otherwise dispose of, any lands or premises which may be required for or included in any project or scheme, upon such terms or conditions as he may deem desirable.

"12. (1) The minister may, for the purposes of this act, purchase or rent whatever machinery or equipment may be required in connection with the development, construction or operation of any project or scheme; provided that the purchase of any single unit of machinery or equipment of a value greater than $5,000 shall require the approval of the governor in council.

(2) Notwithstanding the provisions of any other act or law, the minister may sell any single unit or such machinery or equipment upon such terms as he may deem advisable, and the proceeds thereof shall be paid to the

Receiver General: provided that the sale of any such unit shall, if its initial cost exceeded $500, require the approval of the governor in council."

I might recall to the attention of hon. members who were here at that time that the same discussion took place then.

Mr. PERLEY: That was not as the bill at first read?

Mr. GARDINER: No; it was changed to some extent. To continue:

I would very much appreciate—

These are the words of the comptroller of the treasury to the Department of Justice.

—your opinion as to whether or not the authority granted to the minister under P.C. 1464 and P.C. 71 has been nullified by the subsequent enactment of parliament dealing with those matters.

Note the question asked by the comptroller. He asks whether the authority which he admits was given the minister in the original act has been nullified by amendments brought in from time to time dealing with the situation.

You will note that any action of the minister under sections 10 and 11 must have the approval of the governor in council, whereas under section 12 the minister may act independently within certain limitations, which limitations appear to give recognition to orders in council of 1880 and 1918 (Treasury Mannual, pages 146 and 103 respectively).

Notwithstanding the specific terminology of sections 10 and 11, is it to be inferred that, in administering those sections, regard shall be had to the treasury board minutes mentioned, and that expenditures up to $500 may be paid on the authority of the deputy minister and up to $5,000 on the authority of the minister? Do you consider that the final paragraph of P.C. 71, having reference to administration and travelling expenses, is still operative? If not, is it your opinion that such expenditures must all be approved by the governor in council under either sections six or seven of the act or both?

These opinions were asked for after the discussion which had taken place with regard to payments which had continuously been made throughout the year covering expenses and all these other matters. As the hon. member for Qu'Appelle has stated, it will be recalled that a discussion did take place, led, I believe, by the then member for Kootenay, and on his suggestion I said I did not think it made any difference if there were inserted the words "by order in council" or something to that effect. The words "by order in council" were inserted.

But the legal authorities told me that it made all the difference, and that the insertion of those words made it impossible to administer the act in the way it had been and was being administered right down to the present. All of this indicates that those of us who are not legal draftsmen probably, at times, take too much responsibility upon ourselves.

The opinion given by the deputy minister of justice, Mr. W. Stuart Edwards, is as follows:

Dear Sir:

I wish to acknowledge receipt of your letter of January 6.

With reference to the questions raised on page 3 thereof, it would appear that the regulations contained in order in council P.C. 1464, dated June 19, 1936, and P.C. 71, dated January 11, 1939, are no longer effective; that the executive directions contained in the orders in council of 1880 and 1918 do not apply to the administration of sections ten and eleven of the Prairie Farm Rehabilitation Act; and that the final paragraph of order in council P.C. 71, dated January 11, 1939, authorizing the minister to pay necessary administrative and travelling expenses is inconsistent with section six of the act and is ineffective. It would appear that section six must be interpreted to authorize the governor in council to fix the salaries and the scale of expenses of the officers mentioned therein.

The provision proposed in the bill is for the purpose of placing in this act the same power which is in all similar acts and which was previously given through the public works act in dealing with matters of this kind. But we are told that, by reason of the amendment which I myself as minister agreed to at the time, that was made ineffective and that the act could not be administered as was intended. It would be practically impossible to carry out the intentions of this act under a provision that required every dug-out that was going to be constructed costing, say, $50 to be passed by council before it was even authorized. What happened is this. A farmer applies for authority to construct a dug-out. We are going to pay half the cost, four and a half cents on each nine cents. In order even to get that started, we would have to get an order in council for every one of them. As the plan will operate, we authorize the expenditure of money to the extent of four and a half cents a year on an estimated yardage, and check on the total amounts available for the construction of dug-outs, and when we come to the end of it we cannot spend any more money on that kind of project. But until that time the minister passes the different applications in the order in which they come to the office.

Mr. HANSON (York-Sunbury): What kind of engineering report does the minister require?

Mr. GARDINER: A farmer first makes application. The engineer goes out and takes soundings; he bores holes to find whether the subsoil is gravel or clay. If it is gravel,

or even if there are streaks of gravel, there is no use in constructing the dug-out, because the water would get away. If the subsoil is clay, the dug-out may be made. A survey is made, largely by eye, of the conditions, whether there will be any water drainage into a hole if one is made, and a decision is given on that basis.

Mr. DIEFENBAKER: I have listened with great interest to the statement of the minister, but he has not answered my main objection to this resolution. My objections were, first, that it would place uncontrolled power in the hands of the minister to expend money over and above the amount voted by parliament.

Mr. GARDINER: No, not as it is operated now; it is controlled by the auditor general.

Mr. DIEFENBAKER: Where in this resolution is there any control of the minister to prevent him from doing what he did in 1939, namely, overexpending the vote of this parliament by some fifty to sixty per cent? It is difficult for me to understand how, if there is any control of expenditure, the accounts coming in month by month as they necessarily must, a vote of parliament could be thus overexpended and not be found out until it became necessary to curtail that expenditure as a result of the outbreak of war. I ask the minister again to point out where there is anything in this resolution to prevent him from spending not $2,500,000 this year, which sum he is asking parliament to vote, under the estimates, but $3,000,000 or $4,000,000.

Mr. GARDINER: There would not be anything in this resolution to provide for that. This resolution is to authorize the passing of amounts up to $5,000. It is the same authority which the Minister of Public Works and every other minister who is doing work of this kind have.

Mr. HANSON (York-Sunbury): What limitation is in the bill based on this resolution?

Mr. GARDINER: There is no limitation. The section will read:

> Subject to section four of this act undertake the development, construction, promotion, operation and maintenance of any project or scheme or enter into agreements with any province, municipality or person with respect thereto, provided that if the total amount to be expended under any single project or scheme under this section exceeds $5,000 in any fiscal year the approval of the governor in council shall be required.
>
> (b) Pay all necessary administration expenses incurred under the act and all necessary travelling and living expenses incurred by officials or employees in the performance of their duty.

[Mr. Gardiner.]

That is the new section 10 as it would read, the only difference being that it is provided in it that all expenditures over $5,000 must be passed by the governor in council. As it was before, it would provide that all expenditures even down to $1 had to be passed by order in council.

Mr. HANSON (York-Sunbury): What the minister says, therefore, is that it legitimatizes payments up to $5,000 on any project without an order in council. Nevertheless the point made by the hon. member for Lake Centre is that unless there is some limitation somewhere on the gross amount that may be expended the minister's scope is still wide open. Where is that limitation? Surely the minister himself will agree that there must be some limitation.

When the minister comes to speak again on his estimates, or at some point, will he tell the committee what is the gross amount actually expended up to a certain date, what the commitments thereafter were and how far it is proposed to go with this expenditure, because, so far as one can observe, there does not seem to be any finality about it? It would also be interesting to know how many of these holes never held water.

Mr. DIEFENBAKER: And how many broke down.

Mr. GARDINER: I have the facts with regard to that and shall be prepared to give them, namely, the number of dug-outs that were full of water at a certain date after they had been dug, and the number of dams that went out. That, however, would come more properly under the estimates. I can only repeat what I said the first time I spoke with regard to this measure, which, by the way, was brought in by a previous government, and when we had the provision for the limitation removed. The statement which I made then and which I have no reason to withdraw was that it would take at least $20,000,000 to do this job. Speaking in round figures, I think about half that amount has been spent or will have been spent by the end of this year. The first time I spoke with regard to this measure I think I intimated that probably the projects then being discussed or talked about would require some ten years.

Mr. MacNICOL: Does that $10,000,000 include all that has been lost in the dams that have gone out?

Mr. GARDINER: Yes, which is not very much. It is surprisingly small, as a matter of fact, in comparison with the number of

dams that have been built, but we shall have all that information when the estimates are under consideration. With regard to the question of control, the outside control is the $2,500,000 that is voted. Then, of course, as hon. members know, there is another control within departments; that is, the question of whether or not there is virament in the vote, whether you can switch money from one activity to another without the authority of council or of this house or of anyone else.

Mr. HANSON (York-Sunbury): That is a dangerous practice, is it not?

Mr. GARDINER: That depends upon the nature of the vote. This always was a blocked vote; you could move money from one activity to another. I do not think it would have been unreasonable, and probably it might have been justifiable from the beginning, to suggest on some division being made by the house which would have put some limitation on the amount of money that could be spent for different projects, but that has never been done. Since this experience, however, the auditor general has insisted on that division being made by the department, and that has been done. That practice was followed last year and is being followed during the present year. That is, we set up certain amounts of money to be expended on reseeding to grass, on pastures, on dug-outs, on small dams, on large dams, on irrigation projects and so forth, and we have said that these were the amounts we intended to expend, making up the full $2,500,000. Then, in practice, before we can change from one to another, we have to show the treasury that we have cancelled some of the authorizations that made up the first total, or that we actually cannot complete them. In other words, we are following much the same practice that is followed when these votes are set up in the house in various amounts.

Mr. DIEFENBAKER: The minister has admitted that under the statute as it now stands there is no limitation.

Mr. GARDINER: There is the limitation of $2,500,000.

Mr. DIEFENBAKER: I will read section 8 of the statute as it stood originally:

> For the purposes of this act the sum of seven hundred and fifty thousand dollars shall be appropriated and paid out of the consolidated revenue fund of Canada during the fiscal year 1935-36 and for each fiscal year for a further period of four years a sum not exceeding one million dollars per annum as may be necessary to continue and extend the work undertaken under this act.

Therefore, under the law as it stood originally there was a limitation of $750,000 for the first year and of not more than $1,000,000 a year for the next four years.

Mr. GARDINER: The limitation now is what the house votes.

Mr. DIEFENBAKER: I will come to that, because there is no such limitation; that is just the point I am raising. This section was repealed in 1937, and then in 1939 section 8 was enacted as follows:

> For the purposes of this act the governor in council may from time to time authorize the expenditure of sums not exceeding the amount appropriated by parliament in each year for such purposes.

Under this section the authority of the governor general in council only is limited.

Mr. GARDINER: "Not exceeding the amounts voted by the house." That is the way these sections are always worded.

Mr. DIEFENBAKER: Under the present suggested amendment the minister will have certain powers over and above those possessed by the governor in council. Until contracts of $5,000 or over are considered, the minister has absolute power. Therefore the limitation under section 8 as it stands at the present time means that expenditures of $5,000 or over may be made to the extent of $2,500,000, the amount provided in the estimates; but no control whatever is imposed on the amount the minister himself may expend on projects amounting to less than $5,000. I bring this to your attention, Mr. Chairman, on account of the necessity of amending section 8 as it now stands, in order to provide that the limit of the expenditure shall cover not only the amount provided in the estimates, or the expenditures made under orders in council, but also the expenditures that can be made by the minister himself under contracts for less than $5,000. To-day under the law there is no limitation at all in that respect. There is nothing to prevent the minister from saying, "I will spend the $2,500,000 on projects costing more than $5,000. I will do that by order in council, but over and above that amount I will spend any sum I deem necessary, without restriction." It is just against that sort of thing, the failure to put in any provision which will protect the interests of the people of Canada, that I make my protest. I ask the minister to give consideration to the necessity of amending section 8 in order to limit the minister's power of making expenditure.

Mr. GARDINER: I will consider that point during the dinner recess.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. GARDINER: The point raised by the hon. member for Lake Centre (Mr. Diefenbaker) just before we rose for dinner was well taken. There will be an amendment to add the words "undertaken and by virtue of this act", which will make the minister subject to all the limitation of the act.

Mr. PERLEY: Earlier in the session I asked the minister if he would be bringing down any amendments to the Prairie Farm Rehabilitation Act and the Prairie Farm Assistance Act, and I understood him to say that he did not anticipate any amendment to the act we are now considering but he might have some minor amendments to the Prairie Farm Assistance Act. I cannot see any real need for these amendments because I think the minister already has all the power he proposes to take by these amendments. Why did he find it necessary to change the advisory committee? He will recall that the advisory committee set up in 1935 was representative of municipal and other organizations throughout the west, and I think that was a useful committee. He should tell us why that committee was changed. Would he state also what projects he has in mind to undertake this coming season under the act as it will be amended? Would he state just how many dug-outs have been constructed under the act to date?

Mr. GARDINER: Most of the questions asked would come more properly under the estimates, that is, those with regard to the number of dug-outs, the amount of money spent on them, and so forth.

The other question was the subject of a long discussion during the session when a change was made in the committee. The first act provided for only one advisory committee. When I came into the department the officials advised me that it was most difficult to operate the act with one committee, that there were water undertakings, undertakings with regard to the improvement of land and undertakings with regard to the taking of land out of cultivation, and they wanted more than one committee. Provision was made in 1936 or 1937 for more than one advisory committee, and to-day we have three. The main committee is almost identical with the committee of that time. The leader of the opposition of the day took strong exception to changing the committee without naming the persons who were to be chosen, and I gave an undertaking at the time that the persons we intended to choose were practically the same as were on the committee at that time. The only changes made have been on account of changed circumstances. As a matter of fact, I think the hon. member for Souris (Mr. Ross) is still a member of that committee.

Mr. PERLEY: Representing the municipalities.

Mr. GARDINER: He was taken on to represent the municipalities. We continued him as a member afterwards, and so far as I know, he is still a member and has attended most of the committee meetings. I have not the names of the members before me at the moment, but when we get into the estimates I hope to be able to give the names.

Mr. PERLEY: What representations has the committee made to the department?

Mr. GARDINER: All matters of policy have been referred to the committee and discussed by them, and every action has been taken for which the act provides. The committee meets at least once a year, and on other occasions in between whenever it is necessary to call them together.

Mr. PERLEY: Have they made any special recommendations for the coming season?

Mr. GARDINER: I am not certain that the recommendations for the coming season have been gone into fully by the committee, but the hope is that the committee will meet as soon as I am permitted to go west after the end of the session.

Mr. DIEFENBAKER: The section outlining the duties of the committee reads:

> The committee shall consider and advise the minister as to the best methods to be adopted to secure the rehabilitation of the drought and soil drifting areas in the provinces of Manitoba, Saskatchewan and Alberta.

Have any regulations been passed granting the advisory committee any powers in addition to those provided by the statute? In arriving at a decision as to what projects are to be proceeded with, does the minister make the decision himself, or are the individual projects submitted to the advisory committee?

Mr. GARDINER: As I stated, there are three committees, and regulations have been drawn up outlining their authority and their duties. I do not think those regulations have been changed materially since the committees were first set up. It stands to reason that only a small percentage of the works comes to my attention. The act provides that all matters of this kind are to be passed by the minister, but in practice they are actually passed by the officials of the department or

the deputy minister. For example, authority is given to certain officials to pass upon dug-outs, and unless some controversial question arose I would not hear of it officially. That is the very reason why authority of this kind must be there. It is not possible to have all these dug-out projects, which may number from 1,000 to 5,000, come to the attention of the minister, but he has the authority to stop any of them or to pass any of them, if he so wishes.

Mr. COLDWELL: I am sorry I was not in the chamber this afternoon when the resolution was under discussion so that I might have heard the minister's statement. It is unfortunate that some of the committees have to sit practically all day in order to try to get their reports into the house before the house rises. That was the situation to-day with the committee on the defence of Canada regulations.

I should like to say something about the Prairie Farm Rehabilitation Act because I believe that this scheme has been of considerable benefit to the western prairies. I am hoping that in spite of the war and the necessity for war expenditures, projects under this scheme will not be unduly curtailed. I am not going to enter into criticism of the administration of the Prairie Farm Rehabilitation Act. I have heard much criticism along those lines, and from what I heard before I came here this evening, similar criticism was raised by other hon. members on the opposition side who spoke this afternoon.

In my opinion the government should be encouraged to continue the prairie farm rehabilitation projects in western Canada. At the moment we are getting considerable moisture over a wide part of the prairies, but we know from past experience that that section of the country is subject to recurring drought, and I do not think the rainfall and moisture conditions we now have should be allowed, together with the war, to curtail projects which may be of primary importance in the course of the next few years. I know that where I have seen these projects on the prairie, they have done much to give the farmers on whose land they are undertaken a greater sense of security than they felt two or three years ago. To my mind that is a great thing both in peace time and now when the west is suffering from depressed prices, and with the outlook none too good. These schemes have assisted our people in that way.

I think, too, that this scheme might be expanded in future years into something more of an irrigation project than it has been regarded up to the present time. I do not mean that we should go in for any tremendous irrigation projects such as have been suggested at times, but I think we should keep in mind the possibility of irrigating some sections of western Canada and developing, for example, the industry in which my friend the hon. member for Lethbridge (Mr. Blackmore) is so much interested, the sugar beet industry, because, after all, we who live on the prairies and who are alarmed at the situation developing in the world, and the possibility of curtailed markets, know that somehow some of our people on the plains will have to transfer their interests from the growing of wheat to some other form of agricultural production. I notice that the minister himself has taken what I think is somewhat of a new line in the past few months. I recall that in 1936—I am not going to quote *Hansard*—the present Minister of Agriculture in this house criticized severely the suggestions which had been made by a former government for the curtailment of production. I have on my desk at the moment, or if not, I have upstairs—

Mr. GARDINER: Never mind getting it. I will agree to it.

Mr. COLDWELL: I have upstairs some posters which were sent to me only yesterday carrying the slogan "Help win the war by growing less wheat." My mind, when I read that, went back to the speeches of the present Minister of Agriculture in 1934, 1935 and 1936. O course conditions alter and opinions change. But I wish to urge the government to continue the prairie farm rehabilitation scheme and to expand it, and I am quite sure that if we do that, not only the people of the west but the people of all Canada will be repaid for the amount that is put into these projects.

Resolution reported, read the second time and concurred in. Mr. Gardiner thereupon moved for leave to introduce Bill No. 92, to amend the Prairie Farm Rehabilitation Act.

Motion agreed to and bill read the first time.

WAR CHARITIES ACT, 1939

AMENDMENTS TO COVER FUNDS RAISED FOR PURCHASE OF WAR SUPPLIES, ETC.

Hon. J. G. GARDINER (Minister of National War Services) moved the second reading of Bill No. 64, to amend the War Charities Act, 1939.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, before the motion passes, would the minister either now or in committee give again the explanation which he gave on the introduction of the bill with such extensions as he may see fit to give us?

I must say that I heard his explanation with some surprise. I did not know that the condition existed to which he referred.

Mr. GARDINER: Mr. Speaker, in view of the fact that this is a matter of detail rather than of principle, I think it would be better to deal with it in committee.

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

On section 1—Definitions.

Mr. GARDINER: Mr. Chairman, I think it is important, before we proceed further, that I should give details of just what the bill intends to do. The division of voluntary services is responsible for the administration of the War Charities Act. When the act was first drawn, it was not under War Services. The intention now is to amend it to state that "minister" means the Minister of National War Services. The object of this bill is to provide a measure of control and regulation of the voluntary efforts of organizations throughout Canada in their desire to raise money for war charitable purposes. Under the act any organization which makes an appeal to the public for donations or subscriptions in money or in kind for any war charity fund or which attempts to do so by sponsoring a bazaar or any other entertainment for that purpose must be registered under the act. That is the provision as it has operated down to the present. Since this act was assented to on September 13, 1939, and up to May 7, 1941, 1,037 central funds have been registered. In addition, there are 751 branch funds, which have been registered under a central fund. During the above period the registration of sixty-six funds has been cancelled, and seventy-seven have expired, leaving a net of 1,645 which have been dealt with under the act. The great majority of applications come from responsible groups or organizations. That is, it is not very often that an application has to be refused. They are usually responsible organizations.

After investigation, certificates are issued to such organizations. Then, each application which is not approved, after an investigation, is cancelled and refused. Every effort has been made to prevent the commercializing of war charity efforts. We are finding that in some instances a high percentage of the money taken in entertainments, balls, and so forth, is consumed by expenditures. Where that is found to be the situation it is checked up with the organization, before further permits are given; and if the promoters are not able to satisfy the organization that they are going to carry on the ball, or the entertainment, or whatever it may be, in a manner which will secure for war purposes by far the greater part of the money taken in, then there is usually some objection.

According to the War Charities Act, all organizations registered under the act must make financial returns of their operations to the Department of National War Services, as of March 31 in each year. All of these returns are not as yet in for last year, but the department keeps after them until they finally send the returns in.

The collection of those which have been received up to date total $20,450,000. These figures include the figures for the Red Cross, but they do not include the $6,751,000 raised in the recent campaign for the Canadian war services fund. These figures do, however, include whatever sums organizations in the Canadian war services fund may have raised for the year 1940. Those would be amounts outside the united campaign.

A great many letters dealing with these different drives come to the department from time to time. I have before me the particulars of the last drive, namely, that for the war services, under the direction of Senator McRae. The following table will show the objectives in the different provinces, and the actual amounts received:

	Objective	Amount collected
Prince Edward Island..	$ 33,500	$ 64,900
Nova Scotia.....	244,000	360,203
New Brunswick.....	160,000	228,986
Quebec	1,175,400	1,525,552
Ontario	2,553,200	2,871,026
Manitoba	240,000	356,258
Saskatchewan	280,700	401,352
Alberta	225,750	310,185
British Columbia.....	525,000	601,000

Every province in Canada exceeded its objective in the drive, and a total of $6,751,462 was collected. Of that amount, $4,558,674 was collected in cash, and the remaining sum is to come along. It is estimated that by the time the total is all in, it will be in the neighbourhood of $7,000,000.

The cost of the campaign was 3·3 per cent of the total.

Mr. HANSON (York-Sunbury): Does that include advertising?

Mr. GARDINER: I believe it includes all the cost. National headquarters received $32,000 in direct contributions. The campaign expenses amounted to 3·3 per cent, or $229,000.

Mr. STIRLING: Which societies combined in the drive?

Mr. GARDINER: The Y.M.C.A., the Y.W.C.A., the Salvation Army, the Canadian Legion, the I.O.D.E. in western Canada, and the Knights of Columbus united in the drive.

Mr. PERLEY: Did all these organizations operate in every province, or were there some provinces in which there were other organizations?

Mr. GARDINER: All these organizations entered into the drive in all the provinces. Many other organizations, however, which existed, organizations which perhaps were not national in scope, or which were not engaged in actual war auxiliary services, put all their machinery at the disposal of the central committee, so as to put over the drive. I may add that a considerable share of the credit for the success of the drive, and for having all these organizations unite in it, is due to General McRae and the representatives of the different organizations who worked with him. He led the drive.

Mr. PERLEY: What is the division of the total amount among the different organizations which took part?

Mr. GARDINER: I am afraid I have not those figures before me. I would point out, however, that the amounts were arranged by each of the organizations submitting its budget to a board. That board, headed by Mr. Burton, reduced the budget considerably, part of the reduction being made in costs of collection. Those amounts had been figured on the assumption that there would be four or five drives, instead of one. Some overlapping was eliminated, because they were all going to subscribe funds for one common effort. The amount was cut down to $5,200,000. That was set up as the amount actually required; but in order to make a proper division across Canada, and to be assured that if some portion happened to fall down they would still obtain their objective, they set that objective at $5,500,000.

As, however, the figures I have indicated show, every part of Canada went over its objective. Therefore there is a considerable sum—I believe it is about $1,500,000 or $1,600,000—which is now in a special fund, under the direction of a trust board set up to handle that fund. Anything any organization requires in addition to its original allotment will have to be secured through that board.

Mr. HANSON (York-Sunbury): The fund is not paid to the government at all?

Mr. GARDINER: No.

Mr. HANSON (York-Sunbury): It is kept in trust?

Mr. GARDINER: Yes.

Mr. CHURCH: In the last war this country had what was known as a patriotic fund. It consisted of moneys subscribed by municipalities, provinces, and private individuals. The day after this war was declared, this country adopted the statute of 1939, which dealt with moneys collected. It would seem that that is now being extended to war supplies.

The minister has said that the united war charities collected about $6,750,000, such moneys to be used by the Y.M.C.A., the Y.W.C.A., the Salvation Army, the Canadian Legion, the I.O.D.E. and the Knights of Columbus. The Red Cross is not included, although I understand it is to take part in the next drive.

I would point out that there are many organizations in the municipalities collecting money from tag days. In addition to that, there are some provincial funds. In this expansion of the War Charities Act, is it the intention to take care of those minor and local agencies, or are they just subsidiaries? I may say there is a wonderful fund, known as the *Telegram* British war victims fund. I doubt if any fund has done more to educate the people of Canada with regard to the great danger confronting the world and civilization at the present time than this great fund so cheerfully subscribed to all over, at not a cent's cost to the subscribers. That fund should not be interfered with in any way; it is registered, and is a blessing. It is doing great pioneer work, and I am glad to see that it is not interfered with by the new act. It is a separate organization. The war charities board that has been appointed under this bill comprises good citizens, and their first year's work has been well done, but I suggest to the minister that the time has come when the government should make a free, substantial contribution to the mother country in food, clothing and equipment of all kinds. Why could we not make a gift to the people there of grain, butter, and all kinds of food, clothing, and many other commodities that are not covered by the agriculture agreements which the minister has made with the mother country? Further, I suggest that any contributions of that sort and free gifts should be made immediately.

The other day I received a letter from two Canadian soldiers in a village in England. The place was bombed, and among the sufferers was a woman who had lost two sons and her husband. One of the soldiers who wrote to me asked this lady what she would like and she replied, "Oh, if I could only get two pounds of sugar and a pound of butter!"

There is in that reply a principle involved. Why not give this help and these free offerings? Are we or are we not at this time doing

our full duty to the mother country? We can get the ships, but I do not think we are contributing many of the things that we could very well afford to send over to the old country as a gift. For instance, butter is badly needed. Under this particular section of war munitions and war supplies the government itself could collect and send over, weekly or monthly, as a voluntary gift, a large quantity of supplies from the people of Canada. I hope that this new fund of the war charities board will be a success. The work done by that board so far has been most commendable and well done, and I understand that the Red Cross is willing to join in the next drive. In any event, it is to be hoped that the element of time for the next drive will be considered carefully by the minister, because there is bound to be a conflict among these various loan and other appeals to the public. Many organizations and private individuals collecting locally are apt to come into collision, and I hope that every possible step will be taken to see that their activities are harmonized, and that the time will be arranged by the government.

Mr. NICHOLSON: I understood there was a difference of opinion between the minister and the Red Cross officials in Saskatchewan in connection with the proposed drive. How was it finally settled?

Mr. GARDINER: The matter to which the hon. member refers was brought up in the house in the early part of the session. There really was not a difference of opinion between the Saskatchewan group and the minister, but there was a misunderstanding in the organization itself. That difference has been entirely ironed out within the organization. The proposal made at the time the united drive was organized was to the effect that if the Red Cross desired more money to carry on through this year, they should come into the drive which took place in March and ask for more money from the public at that time. They thought, or at any rate some of their officials thought, they would probably be able to get through this year without appealing for additional money, and they so intimated. I understand that later the Red Cross did conclude that if they were to do certain work which some of them suggested ought to be done, they would require more money. That question has been under discussion since, and it has been pretty well determined that if it is decided to go on with that particular work, some means will have to be found of obtaining money for the purpose. Whether that will be done by a limited collection, or how it will be done, has not yet been decided, but the spirit of the decision made some time ago is being carried out by the Red Cross and by everyone concerned.

At the moment the Red Cross is considering the question whether it will go into one united drive later on. As a matter of fact, it has indicated a willingness to do so. I would not say that it has been definitely decided that there will be only one drive, but the intention is that there shall be only two drives in the year. One will be in the early part of the year to raise funds for auxiliary war services, that is to say, all matters having to do with charities in connection with the war or auxiliary work in camps. The other, it is expected, will be held in the later part of the year and will cover many of the matters referred to by the hon. member for Broadview (Mr. Church), who discussed many of these other activities that are going on. It is hoped that they will all be brought into the second united drive, so that there will be only two main national drives in the year.

Mr. HANSON (York-Sunbury): Covering the Red Cross and others?

Mr. GARDINER: Yes, covering all activities. I did have the figures for which the member for Qu'Appelle asked. A few moments ago he asked about the allotment to the different organizations that went into the drive, and I was under the impression I did not have those figures. I find, however, they are here, and I will put them on *Hansard*:

	War services	Peace time	Total
Canadian Legion.....	$ 938,100	.....	$ 938,100
Knights of Columbus...	725,000	.....	725,000
Salvation Army.....	989,100	$459,000	1,448,100
Y.M.C.A.	1,281,000	458,000	1,739,000
Y.W.C.A.	238,465	49,500	287,965
I.O.D.E.	104,000	.....	104,000
	$4,275,665	$966,500	$5,242,165

That makes a total of $4,275,665 for war services and $966,500 for peace-time services, or a grand total of $5,242,165 for all purposes. That was the final amount allotted to the different organizations. These are the sums which will be allocated out of the collection, made automatically to these organizations, and any amount in excess will be in the special fund to be taken care of by the trust board.

Mr. HANSON (York-Sunbury): What machinery is set up for investigating the proposed charities?

Mr. GARDINER: A committee is proposed in the act. It has not yet been constituted, but we have auditors who check the accounts of these organizations, or have the accounts

sent in to be checked. In my first explanation of the bill I should have said that the most important feature is contained in the definition of "war charities' fund," and the provisions that are made to enforce it. "War charities' fund" now means any fund having for its object or among its objects any purpose, charitable or otherwise, arising out of or connected with the war. It is not intended now that only those raising money for charitable purposes should come to this branch of the department, but any organization that is collecting money for any purpose from the public, and having to do with the war, must apply for a permit in order to make its collection, and its books will be subject to examination by the department.

Mr. HANSON (York-Sunbury): Does that apply to small undertakings in procuring comforts for the local camps?

Mr. GARDINER: It is intended to apply more particularly to the raising of funds for Spitfires and all that sort of thing—probably one hundred or two or three hundred thousand dollars.

Mr. MacNICOL: Has the department considered awarding a decoration in the form of a ribbon, or a diploma, or a card of honour, to the associations throughout the country which have been doing such splendid work in knitting and gathering together comforts of one kind or another and sending them either through the Red Cross or directly to the boys overseas? In the last war a great deal of the same work was done by many organizations, and after the war some recognition was given to the occasional one. But down the ladder among the ordinary people in the towns and cities very little recognition, if any, was given to the many groups of ladies who did that kind of work. I always thought that the authorities failed in recognition of the vast amount of voluntary service that was given.

Since the present war commenced, I know that in my own riding the Davenport Conservative ladies under the chairmanship of Mrs. S. H. Gillson meet weekly in a room that is donated to them for the purpose, with heat and so forth, and there they sit all afternoon knitting and sewing and making comforts, which, when received overseas, are, I am sure, greatly appreciated. In fact, I have seen many letters that have come back expressing that appreciation.

The hon. member for Broadview mentioned another case of splendid work. He did not elaborate on it, and I think I should say a further word about the Toronto *Telegram* which has done wonderful service, which has cost that newspaper a large sum of money. Every dollar contributed to the *Telegram* war victims' fund goes to the Lord Mayor of London's fund. I believe the amount is now on the way to a million dollars and the work is continuing. The *Telegram* has done a marvellous work not only in connection with that fund but in creating, especially in the cities and towns of Ontario, in the schools, lodges, churches and organizations of one kind and another, a patriotic spirit that is most commendable and that I do not believe would have prevailed to the same extent but for the great work that newspaper is doing. The space that it is giving to the fund, if estimated in advertising dollars, would amount to a large sum. It also pays the full cost of the bookkeeping and collecting of that fund and sending it overseas.

As I listened this evening, I wondered whether the minister had in mind the bringing about of some means of giving fitting honour and recognition to organizations that do this sort of work. I am not speaking of the *Telegram* particularly; it may not want anything like that; but any organization that does such work is surely entitled at least to a letter of thanks from the government, and not only from this government but from the government in the old country.

Personally I have been thrilled by the work the minister has developed. He took over a new department, organized the programme and I think on the whole has done a very good job that has resulted in much comfort to the men overseas and in the conservation of a large amount of material which otherwise would have gone to waste. The minister I believe deserves the thanks of the committee for organizing this new department and doing what he has done.

Mr. McNIVEN: The hon. member for Mackenzie made some reference to a misunderstanding between the Saskatchewan Red Cross and the department; that is, some publicity has been given through the press to an alleged misunderstanding. Following the last war the Saskatchewan Red Cross continued its activities, established outposts in what might be called Saskatchewan's hinterland, and likewise maintained a nursing service. It has rendered invaluable service to the remoter parts of Saskatchewan. In addition, the Red Cross established a children's hospital which it has maintained since that time and has done a magnificent work. In the last fiscal year the Saskatchewan Red Cross raised approximately $696,000, which is not too bad for one organization operating in what is popularly known as the dust-bowl or the

drought area of Saskatchewan. In that time they have organized some 800 branches, which function largely through the agency of women's organizations, and in addition to money contributions they have done much in the way of providing comforts for the soldiers. Notwithstanding their disappointment at the inability or unwillingness of the department to consent to a second campaign in 1941, they threw themselves, as an organization and as individuals affiliated with the Red Cross, wholeheartedly into the campaign for national war services, with the result that our province of Saskatchewan more than doubled its quota. I am sure that under the Minister of National War Services there will be no misunderstanding, and that much will be done to harmonize and keep intact the splendid Red Cross organization which has been built up in Saskatchewan.

Mr. STIRLING: Six charities have joined in the national campaign this year. I gather that it will be the policy of the government to increase that number and get more warrantable charities working together in these two campaigns. That being the situation, I should like to know what effect that policy will have on those districts where it has been the custom to join together locally, choosing their own war charities, campaigning in an appeal which shall be the only appeal for those six or twelve months, and making their own allocation. Will it be the policy of the government to attempt to do away with those efforts and substitute for them this national effort?

Mr. GARDINER: Our first intention was to build from those organizations which were in existence in many cities across Canada and gradually to bring Canada into one united effort in connection with, first, war services and then, as separate from that, the civil charities. We found, however, that was going to be too slow, and therefore we brought the organizations together with the idea of having a united drive arranged from the top down rather than from the bottom up. That was necessitated by certain conditions which arose in connection with financing. We had to raise much larger sums than we figured we might in the early stages. I think the only way the plan can operate successfully is for the different organizations enumerated of the group doing war auxiliary services, the names of which I have already read, and adding thereto the Red Cross, to keep in a group by themselves. All are groups that are actually doing war service either in the camps in Canada or at the battle front. The idea is to keep these organized in that way but to induce every organization interested in collecting funds to put forth its efforts to assist in collecting the money. After all, it is just about the same people who do the collecting all across Canada, irrespective of what appeal is being made.

Mr. HANSON (York-Sunbury): I think they change the personnel of the organization, but they collect from pretty much the same people.

Mr. GARDINER: In most communities practically the same people will go out in the fall and collect for home charities. At another time, perhaps the same people will go out and put on a drive in order to collect funds for war charities, all under the auspices of this same organization. It is found that in some cities there are organizations purely local in nature, which do not extend to other cities, at least under the same name. Those organizations are interested in some work being carried on in their particular communities. I have in mind cities such as Montreal, for example, where certain organizations carry on work that is not done in other parts of Canada. Those organizations would hardly be considered national. They are doing work that is similar to certain national activities, but it is under different auspices.

Mr. CHURCH: I understand some $6,751,630 was collected in the first appeal under the war charities fund, but I should like to know whether it is intended in the next appeal to seek subscriptions from the municipalities and provinces as was done in the patriotic fund during the last war. I believe that was not done this time. This war charities board has done a splendid job in coordinating this charitable work and avoiding and saving duplication and overhead, and it must be remembered that this war is far different from the last so far as the collection of this money is concerned. Then I should like to know whether various local sporting bodies throughout the country that collect sporting equipment and other material for use by the troops in various local camps will come under this legislation, and whether it will be considered essential that they should register and take out permits.

There is one other question I wish to ask in connection with the parcels being sent overseas by the various organizations coming under this fund. These parcels are sent to the old country, to other theatres of war, and to Germany. I believe all the parcels sent to the old country by the post office are delivered, with the exception of those lost as a result of enemy action; but according to the British *Hansard* of a few months ago that is not the situation with regard to parcels sent to Germany. We must remember that there are a number of Canadian prisoners of war in Germany, and I was surprised to learn

recently that there are thousands of women, a few of them Canadians, who are prisoners of war there as well. It was said in the British house that by reason of the difficulties in Spain, through which parcels were routed from Lisbon to Germany, a great many of these parcels have been lost, and at that time some eleven members that I named last February, of the British house asked the government several questions with regard to the delivery of these British parcels. Can anything be done by the war charities board, or have any rules or regulations been passed by that body, with reference to the sending of parcels to Germany for Canadians through the seven bodies included in this bill; and, if so, what are those rules or regulations? It seems to me that if the British Red Cross cannot deliver these parcels, it must be doubly difficult for these other organizations to do so, although the Canadian Red Cross reply that they do deliver them. They are all doing splendid work; I intend no criticism of them at all, but I should like to know if any rules or regulations have been adopted by the government or the board with regard to the delivery of parcels to prisoners of war, and I would ask the minister to take up the matter with the board and have some inquiry made into it.

Mr. GARDINER: My understanding is that the only way in which parcels can be delivered to prisoners of war in Germany is through the International Red Cross, and that the regulations in that respect were drawn up at Geneva. We had nothing to do with the drawing up of those regulations. As a matter of fact, that is one activity which the Red Cross now consider they may have to enlarge, compared with what they have been doing recently. The larger the number of prisoners of war in Germany, the greater and the more expensive will become that work; but it is all carried out under international regulations which were framed at Geneva, and the Red Cross organization is expected to do that work.

In answer to the other question, as to those who will have to apply for permits, as the legislation is now drafted all organizations collecting money for war purposes come under the act and will have to apply for permits to proceed.

Section agreed to.

Sections 2, to 4, inclusive, agreed to.

On section 5—Unauthorized emblem.

Mr. HANSON (York-Sunbury): This section is considered necessary, is it?

Mr. GARDINER: Yes.

Section agreed to.

On section 6—Proceedings for offences.

Mr. HANSON (York-Sunbury): Have there been any prosecutions?

Mr. GARDINER: I do not think so.

Mr. CASTLEDEN: What is the reason for repealing subsection 2 of section 12 of the act?

Mr. GARDINER: Previously the Minister of National War Services had to consent to any prosecution, but in practice all prosecutions are carried on through the department of the attorney general in the province. By the repeal of this subsection, the provincial attorney general is allowed to proceed with such prosecutions.

Mr. CASTLEDEN: Who would have to lay a complaint?

Mr. GARDINER: Anyone could lay a complaint. It might be done by some official of our department.

Mr. BLACKMORE: I should like to ask a question arising out of the fact that all those collecting money for this fund are required to have a permit or to be registered. What would be the position of an organization which put on a play and collected perhaps $100, and then decided to give $75 of that to one of these funds? Would they come under this act, or would they not?

Mr. GARDINER: I should imagine that if they proceeded in that way they would not come under it, although I should not like to be too definite about it. Under this act the department would have power to examine into what reallly happened. If an organization indicates a desire to raise money for war purposes, it must ask for a permit in advance. If it was thought that some organization was trying to escape the necessity of securing that permit, and avoid coming under the act, while its real objective was promoted through the collection of money for war purposes, under this act the department would have the right to examine into the operations of that organization to discover what really happened.

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Fournier (Hull) in the chair.

14. Production service. Production service administration, $35,560.

Mr. NICHOLSON: I have before me sessional paper No. 210 in connection with the resignation of Mr. Newman, field man with

the live stock and poultry branch, dominion production service. This return lists some of his qualifications. He graduated in 1924 from the Manitoba agricultural college. For one year he worked with Detroit Creamery Farms, Detroit, Michigan, as herdsman in charge of the herd on the state fair circuit and in charge of the Michigan state herd at the national dairy show, 1925. He then joined the staff of the dominion experimental station at Lethbridge under Doctor W. H. Fairfield, where he was in charge of live stock and dry land cultural investigations from March, 1925, until March, 1930. From 1930 until 1935 he was engaged in practical agriculture. During his period of practical farming he had interesting experience with stock on mineral deficient soils in northern Saskatchewan and with large scale farming, alfalfa production and stock raising in southern Alberta. In 1935 he joined the staff of the dominion live stock branch, and was with them until about a year ago. In my opinion Mr. Newman was a valuable member of the department, and I should appreciate very much having the minister make a statement as to why a member of his staff with such a valuable record should not have been retained in the department. Mr. Newman was performing a valuable piece of work, and surely there must be something wrong with the department when a man with a record such as his cannot be retained in the service.

Hon. J. G. GARDINER (Minister of Agriculture): As I understand the situation, Mr. Newman left the department of his own accord. There was no objection to him, in so far as the department was concerned, but he decided that he would like to leave the department and take up other work. I understand he is now doing some organization work in Alberta. The department did not desire him to quit; I understand he just left of his own accord.

Mr. NICHOLSON: He did leave, but it was understood that more responsible work would be given to him. I think the committee is entitled to a fuller explanation than the minister has given. This correspondence would indicate that he did not leave the department willingly or without giving the matter a good deal of thought. I think this department should make greater effort to retain men doing the type of work Mr. Newman was doing.

Mr. HANSON (York-Sunbury): Who is the present director?

Mr. GARDINER: No one has been appointed to take his place.

Mr. NICHOLSON: I should like the minister to give a fuller explanation.

[Mr. Nicholson.]

Mr. GARDINER: The only fuller explanation I can give is that he thought he should be made permanent at an earlier date, which would, of course, carry with it an increased salary. He was not made permanent, and he left the service of the department.

Mr. NICHOLSON: The correspondence indicates that Mr. Newman gave up a good position with the McIntyre ranch in southern Alberta when he was persuaded to come to the department on the understanding that he would receive a permanent position in the course of a reasonable time. I understand he was with the department five years and still had not received any assurance that he would receive a permanent appointment. I think the department should be able to determine in five years whether a man of this sort could be given a permanent position. There must have been some reason for keeping him off the permanent staff. This is a matter of considerable importance, and we should have a fuller explanation.

Mr. DONNELLY: This is not Doctor Newman, the dominion cerealist, is it?

Mr. GARDINER: No. If my hon. friend insists upon an explanation, the only thing I can say is that the department did not think it necessary to urge him any further to remain.

Item agreed to.

15. Production service. Health of animals—administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $1,652,495.

Mr. PERLEY: What success is the department having in stamping out contagious diseases among animals? The details on page 63 of the estimates show a great number of veterinary inspectors, and I should like to know if it is necessary to have 200 or so of these inspectors in this branch. Could not this number be cut down considerably?

Mr. GARDINER: There has been considerable pressure in recent years for the examination of cattle for tuberculosis, one of the reasons being the fact that animals shipped to the United States, where most of our surplus cattle go, must be examined unless they are to be slaughtered shortly after arrival. Many of the areas where dairy cattle are raised are insisting upon examinations being made. We have had to cut down considerably this year on these activities, and have had to reduce the amount of money available for this service, compared with two or three years ago. We should like to have more money to spend in order to clean up all districts.

The province of Ontario is insisting strongly on having many districts which have not yet been covered brought in. We have to go on

and do the work in the districts that have been covered already, at least once and, in some instances, twice. We are not able to cut down on the staff immediately we start to discontinue bringing in counties because we must complete the work and reexamine cattle. At the moment, however, an effort is being made to reduce rather than to increase the expenditures on this work.

Mr. QUELCH: I hope the minister will find it possible to continue this work and expand the areas. The farmers in the smaller areas suffer a great disadvantage when it comes to selling their cattle. They find they cannot ship cattle unless they have been passed. Just a few miles south of me is an area into which cattle cannot be shipped unless they have been tested for tuberculosis. We understood at the time that a very large area was going to be taken in, but the department decided not to extend that area, and we are now under the difficulty of not being able to bring in stock from outside unless it is tested. It has been necessary to quarantine stock for six weeks and two months before they could be brought into that area, and that causes a great deal of difficulty and inconvenience. I hope the government will extend that area as rapidly as possible.

Mr. GARDINER: One of the difficulties in Alberta is that it was only three or four years ago at the outside that Alberta made their first request for an area to be taken in. Prior to that time, the government or the people of Alberta did not see fit to come under the act. Other provinces were coming in. The maritimes—I am speaking from memory—are completely covered, also a large part of the other two prairie provinces, and a large part of Ontario and Quebec, but Alberta did not start to come under the act until three or four years ago, and the area there is not as large as in some of the other provinces. I am sorry that the war has necessitated our cutting down on bringing in any new territory.

Mr. RICKARD: In Ontario, how many areas have been taken in, and is it the intention to clean up the areas already in?

Mr. GARDINER: I have a list of those counties which have applied but have not yet been tested. All the others which have applied have been tested. The counties which have made application but have not yet been examined are Hastings, Haldimand, Lennox-Addington, Dufferin, Huron, Bruce, Haliburton, Oxford, Perth, Wellington, Middlesex and Elgin. All the other counties which have made application have been examined at least once or are in the stage of going through the test for the first time. It is the intention of the department to clean up these counties if we can obtain sufficient funds from year to year, and we intend to clean these up before taking in any new areas.

Mr. RICKARD: A great many farmers feel that once an area has been tested, the work should be carried on if at all possible.

Mr. PERLEY: How many areas are there in Saskatchewan?

Mr. GARDINER: The accredited areas in Saskatchewan are: Municipal areas 186, 35, 251, 6, 4, 344, 218, 36, 314, 158, 5, 156, 250, 217, 37, 219, 313, 189, 220, 185, 249, 315, 312, 279, 187, 375, 159, 157, 216, 345, 374, 155, 281, 280.

Mr. PERLEY: How many is that?

Mr. GARDINER: About thirty-five.

Mr. PERLEY: Is it not a fact that Saskatchewan is the healthiest province as regards not only human beings but animals as well?

Mr. CASTLEDEN: I should like to compliment the department upon this expenditure. I wish it were a little larger. I would also draw the attention of the committee, particularly members of the medical profession, to the fact that this item calls for an expenditure of $1,652,495 to take care of the health of the animals of Canada. In comparison with that, I should like them to note the total estimates to look after the health of the human beings of Canada. They amount to $1,011,605.

Mr. GOLDING: That is from the dominion government only.

Mr. CASTLEDEN: The provincial governments have health departments, it is true, but I believe the federal department of health should extend its work.

Mr. WOOD: Has the health of animals branch made any investigation with regard to calf-hood vaccination for Bangs disease? This disease works greater ravages among cattle than even tuberculosis. I do not know whether the disease can be passed on to human beings as easily as tuberculosis. I have been led to believe that considerable experimenting has been done in the United States which would indicate that they have something there that is worth while, and I should like to know whether our department here is prepared to provide the serum for the prevention of Bangs disease and whether any investigation has been made into calf-hood vaccination.

Mr. GARDINER: The department has made investigations. We do not do this work directly but have undertaken, wherever any province desires to have it carried on in the province, to provide cultures with which to carry it on.

I should like to say a few words in reply to the remark of the hon. member for Yorkton. In all probability this work under health of animals branch would not be done at all if it were not for the fact that tuberculosis in cattle can be carried to human beings. All our activities in connection with contagious diseases in cattle are carried on because cattle and milk are used as human food. Therefore it is all part and parcel of the one job.

Mr. WRIGHT: In certain districts in the west probably 70 per cent of individual herds have been tested. Is there any provision in the act whereby when a certain percentage, say 75 per cent, of the herds in an area have been tested, that area would automatically become a tuberculous-free area and the remainder of the herds be cleaned up?

Mr. GARDINER: No. That condition may arise, but it is not accepted as a reason for making it an area. All the herds in the area must be checked by veterinaries and tested for tuberculosis before the area itself is called an anti-tuberculosis area.

Mr. McNEVIN: I rise to commend the minister upon the suggestion to proceed with the cleaning up of counties which have already been listed. I should also like to bring to his attention the county of Haliburton. The county of Victoria, just south of Haliburton, has already been cleaned up, and I believe the same applies to Ontario on the west and Peterborough on the east. The cattle population of Haliburton county is not extensive, but it serves as a source of supply of stocker cattle for Ontario, Victoria and Peterborough. It entails a substantial amount of work on the part of veterinaries serving that area to take care of the rush of stocker cattle which come down at certain seasons of the year. If at all possible, I think it would facilitate matters very much in the four counties I have mentioned, if that area could be cleaned up with as little delay as possible. Such action would greatly improve the supply of milk so essential for the important tourist business of this area.

Mr. McCUBBIN: I do not wish to take issue with what has been said by the hon. member for Victoria, Ontario. Nevertheless, I come from a county where the subject of the tubercular test is a keen one. We in that county import from the west great numbers of stocker cattle. If pressure is brought to bear on the county of Middlesex to have the tubercular test, it will mean great hardship on the men who import those stocker cattle from the west.

An hon. MEMBER: Which part of the west?

Mr. McCUBBIN: Saskatchewan and Alberta.

Item agreed to.

16. Production service. Compensation for animals slaughtered, $530,000.

Mr. RICKARD: How much has been paid out in compensation?

Mr. PERLEY: Would the minister give the figures by provinces?

Mr. GARDINER: The amount paid out since the beginning was $13,201,979. The amount paid in 1939-40 was $836,875.33. I have not the amounts by provinces.

Mr. TUSTIN: At what rate is the compensation paid?

Mr. GARDINER: The amount to be paid is two-thirds of the valuation. The highest valuation that can be put on grades is $60, and the highest on pure-bred cattle is $150.

Mr. WOOD: How much was paid out for hog cholera?

Mr. GARDINER: The total amount last year was $202,000. The total up to that time, for all preceding years, was $724,569.

Item agreed to.

17. Production service. Live stock and poultry, $707,597.55.

Mr. CRUICKSHANK: I believe I am entitled to express my views to the minister. In my constituency the farmers are engaged in either dairying, small fruit farming, or poultry raising. The position in which the poultry farmer of the Fraser valley finds himself is one in which it is absolutely impossible for him to carry on. Hundreds of thousands of their stock have had to be slaughtered, because they could not afford to produce under present production costs, and at present selling prices.

I have secured my information from the bureau of statistics, and from an equally well-known authority in respect of telephone and other rates, namely, the hon. member for Vancouver-Burrard. I believe he has no equal in respect of information concerning freight rates.

At the present time my constituency, and the province of British Columbia, must depend upon export rates because, roughly speaking, our price is based on the export rate received for nine-tenths of our production. That means, obviously, that the domestic rate applies to only one-tenth. I am speaking particularly to farmer members, although I am sorry there are not more in the house. I am glad, however, to see a few members of the legal

fraternity who happen to represent farming districts. So far as British Columbia is concerned, I would point out that we must receive at least the cost of production, and that in the last year we have not received that much.

I would point out particularly to my hon. friends to the left that agriculture in Canada is not tied up completely with the word "wheat". With all due deference, I would point that out to the Minister of Agriculture. Wheat is only a by-product of agriculture in Canada.

Mr. WEIR: It is good poultry feed.

Mr. CRUICKSHANK: All right, now; I do not mind these interruptions from these small wheat farmers.

Mr. PERLEY: I do not think the Minister of Agriculture should allow that to go unchallenged.

Mr. CRUICKSHANK: I know, from my past experience, that the Minister of Agriculture is quite capable of looking after himself. We are not getting paid—and I repeat it—for ploughing under our chickens. Last year on the average we received only sixteen and three-quarter cents a dozen for eggs in British Columbia. I do not believe the minister knew that, or that his departmental officials knew it. If they did, then they did not bring it to his attention. I repeat that sixteen and three-quarter cents a dozen was the average price the poultrymen in British Columbia were paid in 1940 for their eggs. It is all right for the hon. member for Qu'Appelle, because he will continue to plough under his wheat when I am through with these eggs.

An hon. member from Ontario has mentioned that egg production in British Columbia continues the year round. Any farmer member should know that production from poultry is greater from March to June. I am surprised there are not more practical farmers in the house.

In British Columbia our price is set entirely by the export rate, nine-tenths of which is for export purposes and only one-tenth for domestic consumption; and in order to get into the export market we have to ship to Montreal, Halifax or Saint John. For freight purposes bacon is put in class 4 and eggs in class 5, and both commodities are shipped in exactly the same type of refrigerator car. For the first time in my life I took some notes that cannot be disputed. There is this discrimination. I would point out to the minister and his efficiency experts that apples and eggs are shipped by the same type of transportation. A crate of eggs is 56 pounds and a box of apples 50 pounds, and the type of car is the same. Taking our two colossal institutions, the Canadian Pacific Railway and the Canadian National Railways, we find that the freight to Halifax and Saint John on apples is $1.29 per hundred pounds, minimum of 37,500-pound car, and eggs from British Columbia to Halifax and Saint John have a rate of $2.10 per hundred pounds, minimum of 40,000-pound car. I do not pretend to speak for all hon. members from British Columbia, but I certainly can claim to speak for the rural riding of Fraser Valley, and I say that while we have never questioned the right of the prairie farmer to a fair price for his wheat, a price that will give him cost of production, we ask for the same consideration from them and from the minister. We want to get cost of production so far as eggs are concerned.

A short time ago we applied to the government for some consideration with regard to the price of butter, and we advanced an argument to show how in our opinion the price could be arrived at. We realized that a contract had to be carried out with the old country in connection with cheese and suggested that it might be necessary to subsidize the price of that commodity in the ratio known in the ordinary farming district as two and a half to one so as to equalize matters in order to allow us to produce cheese. I am glad that the government has done that. At the same time I urge that something be done along the same line for the protection of the poultryman.

I give credit to the government for having reduced the rate on mixed grains, which were supposed to be used as feed for poultry on western farms and, I presume, in the maritimes. But let me point out to the minister, and particularly to his advisers, something that they have not realized, so far as British Columbia is concerned. Within two weeks of that rate being put into effect, the feed companies increased their price on feed from one to two dollars, and not one word was said by the price-fixing board. These facts can be verified by the department. We appreciate the so-called concession on mixed grains to the Pacific coast, but of what advantage is that to us when the feed companies immediately increase their price to the producer from one to two dollars a ton? The same applies to grain of all kinds—bran and shorts or mixed grains. Speaking for the largest poultry producing area in British Columbia, I say it is time the department stepped in. If you can say to the Ford Motor company or to General Motors, "You shall get a fair return on a gun carrier, bren-gun carrier, universal carrier or whatever it is called", then you can say to the poultry producer, "You shall get a fair return on the commodities you produce."

The price has been fixed on butter and wheat, and I commend the government in both instances because the price was too low. We have at least guaranteed an equitable return to the producers of apples in the east and in the west, and last year and again this year we have guaranteed a return to the fisherman for his lobster catch. Eggs happen to be one of the commodities of which Great Britain is much in need, and I suggest that a minimum return should be guaranteed the producer. At least he should get cost of production. With regard to this item now under consideration, amounting to over $700,000, I should like to know whether any provision is made therein to see that the poultry producer in British Columbia, who must be guided in his prices by the export market, will be protected in exactly the same way as the apple grower and the butter and cheese producer.

Mr. POULIOT: I would ask members of the committee to be good enough to turn to page 65 of the estimates, which gives details of this item. They will see the absurdity of the classifications of the civil service commission. There is an expert, a B.S.A., who is in charge of the whole Department of Agriculture, Post Office and some other things, and he is crazy—and this does not appear in *Hansard,* nor is it in the statute book. I hope, however, that hon. members who have page 65 in front of them will take the trouble to follow me as I go through it. In the first place, there is one assistant director, production service, live stock who receives $4,920. Then there is one chief, live stock and poultry production services, $4,140. Then there are two associate chiefs, live stock and poultry production services, one at $3,660 and one at $3,510, or a total of $7,170. There is a chief registration officer at $3,660. Then there is one assistant chief, poultry production services —all services in connection with poultry—at $3,450, and there is another assistant chief, live stock and poultry production services, who has another job—not, perhaps, all poultry production services. It is live stock and poultry production services. Therefore he is more responsible than the man who looks after only the hens, roosters and chicks. He looks after live stock, big bulls and cows, and yet he gets less money, $270 per annum less than the man who only looks after hens and chicks. This must have been decided at Easter.

Then there is a district supervisor, live stock and poultry production services, at $3,300. The district supervisor has a little more than the assistant chief. Then there are the district live stock field men, one at $3,240, one at $3,000; and three supervising live stock field men, one at $2,880, one at $2,820 and one at $2,790. The supervising live stock field men are paid less than the district live stock field men, and the district live stock field man is better paid than the assistant chief, live stock and poultry production services.

What I say is not Greek; it is the kind of classification made by these so-called experts whom I call fools. I want the committee to realize that these so-called experts are fools, hon. members have it here and can check it for themselves.

Then there is a chief record of performance inspector at $3,000; three live stock production assistants at $2,760; sixteen senior live stock field men, one at $2,760, ten at $2,520, one at $2,490, one at $2,280 and one at $2,220. There is a senior poultry field man. That is an important position, it is like a decoration, S.P.F.M.; he gets $2,340. There is one principal clerk, and there are five live stock field men, two at $1,920, one at $1,860 and one at $1,845, a difference of $15, and one at $1,665. I find that a man must be very able to appreciate the services of two live stock field men and mark a difference of salary of $15 per annum. Joe has $15 per annum more than Tom. It shows how meticulously careful they are and how well they do things. If the one who received $1,845 had received $1,860, it would be theft because he would not have earned it!

Then there is a supervising record of performance inspector at $1,920. He should not be confounded with the chief record of performance inspector who receives $3,000. This is a much lower job. There are poultry field men at lower salaries, and record of performance inspectors who must not be confounded with the supervising record of performance inspector and clerks and stenographers and so forth. I know there are some doctors in the Department of Agriculture, I wonder whether the fellow who prepared these specifications is also a doctor. But I find it the greatest absurdity. Mark you, I do not blame the minister for that; it is the system, and I think the organization branch of the civil service commission should be abolished. It is only jealousy; there is no reason for all sorts of types being together on the same page in this way.

To conclude with a practical question; I would remind the minister that during those dark days when R. B. Bennett was Prime Minister, nearly all the bilingual propagandists of his department were fired. How many propagandists are there now? I hope the minister will be kind enough to answer the

question. I shall be thankful to him for telling us how many more are there now than when the Bennett government was defeated?

Mr. CRUICKSHANK: May I have an answer to my question?

Mr. GARDINER: I did not have an opportunity to answer before my hon. friend on this side was on his feet, but I would suggest that the proper place to discuss what my hon. friend was bringing up is under marketing. I have not here the officials to whom my hon. friend would like to address his remarks, but I shall have the information a little later to cover some of the points raised.

As to the questions raised by the hon member for Témiscouata, while there may be some things that are not exactly right in connection with the classifications they are not as foolish as he would have them appear. For example, take the assistant director of production services; the salary range in that classification is from $4,320 to $4,920, the increases being at the rate of $300 a year. Therefore an individual who comes in at the bottom of the classification, at the end of the first year goes up $300; next year, up another $300, and so on. It is possible that in going down the list of individuals one could take a man in his first year, compare him with one at the top of the list and say that it is difficult to justify the difference. Then another classification runs from $3,780 to $4,140; the next from $3,300 to $3,660, and the next from $3,000 to $3,240. There is some relationship between the classifications, but if one compares a man at the bottom with one at the top of the same classification, it might give a wrong impression.

Mr. CRUICKSHANK: I should like to have my question straightened out. Under what section would it come?

Mr. GARDINER: Marketing comes under items 22 to 28; live stock and live stock products is item 27; dairy products, item 24. Marketing service administration, under which general discussion of marketing would come, is item 22.

Mr. CRUICKSHANK: With all due respect to the hon. member for Témiscouata, I am not particularly interested in how much an individual receives so long as he gets results. But I point out that item 22—

Mr. GARDINER: We are still on item 17.

Mr. CRUICKSHANK: I was trying to expedite matters. The minister pointed out that my question would be covered by a certain item and—

The ACTING CHAIRMAN (Mr. Fournier, Hull): The hon. member's question, I understand, comes under item 22, marketing service administration, to item 27.

Mr. CRUICKSHANK: I point out that item 22 does not include enough money, and therefore I shall have to ask to be permitted to explain myself a little more fully.

Mr. GARDINER: I think I understand what the hon. member has in mind, that the amount of money provided is not sufficient to cover what he is suggesting, namely, an increase in the price of eggs from sixteen to, say, twenty cents. Those steps are not taken under these estimates at all. The action in connection with the price of cheese, for example, and the price of hogs—and the action in connection with the price of eggs if that should be taken—is taken under the War Measures Act, and the money involved is paid out of the appropriation under that act where we are dealing with a condition that has arisen as a result of the war. There is not enough money in any of these items to deal with matters of that kind.

Mr. CRUICKSHANK: I thank the minister for understanding what I had in mind when I said this was not enough money. Is there any estimate under which the minister will be able to tell me later on whether or not the money will be available to increase the price of eggs as well as the price of cheese?

Mr. GARDINER: It will be quite proper to discuss all marketing matters under the marketing estimates, in spite of the fact that the money is not provided under those estimates. The administration of those sums comes under those items; the individuals who are administering the expenditure of the money come under items 22 to 28, and it would be quite proper to discuss that matter then.

Mr. CRUICKSHANK: There is one other point on which I differ with the hon. member for Témiscouata. I am not particularly concerned with the salaries of the administrators. I am interested in the farmers; the administrators can look after themselves. I take it from the minister that there will be an item under which I can obtain some information with regard to what is to happen to the poultryman, who is a war casualty in British Columbia.

Mr. GARDINER: Everything having to do with the marketing of poultry, live stock and live stock products may be dealt with under that item.

Mr. POULIOT: The minister said that those classifications were not so foolish as I represented them to be. Of course that is a matter

of opinion. Opinions are free. That is the opinion of the minister. I hold the contrary opinion, but that is my own business. On the other hand, I would very much regret having to take time to show in connection with every item that the classifications of each branch of his department are even more foolish than those to which I have already referred. I could show that to the satisfaction of anyone who has eyes to see and ears to listen.

Mr. GARDINER: The hon. member for Témiscouata asked one question to which I did not reply, namely, with regard to the number of bilingual persons employed on these staffs having to do with this branch of the department. There are 134 employees in the outside staff across Canada, and there are thirty-nine employed in the province of Quebec, all of whom I understand are bilingual.

Mr. WARREN: My remarks may be out of order, but since this question has been debated at some length I should like to relate a little story concerning the village of Eganville in Renfrew North, which I believe will indicate that some of the officials are not such fools as they would appear to be in the opinion of the hon. member for Témiscouata.

We can all remember how poultry was handled many years ago. The eggs were brought in by the farmer or the farmer's wife in a basket, assembled in the store and shipped without being graded or properly packed. A few years ago, however, a poultry pool was established in Eganville under the supervision of the poultry division of the Department of Agriculture. The Canadian Pacific Railway cooperated and furnished accommodation, but in the beginning the pool was very small. I remember that in the first year one young man took care of all the work, and even at that he was not kept too busy. Gradually, however, an improvement took place throughout that community with regard to poultry. Farmers found that it paid them to take proper care of their eggs; they discovered that they could make some money if they were paid for grade A eggs, and almost every farmer increased the number of his poultry. As a matter of fact, some of our farmers have gone into the business quite extensively; they have their poultry blood tested; they keep incubators, and ship thousands of baby chicks every spring. Some of the farmers will have perhaps two or three hundred laying hens, and they are profiting by this venture which was established under the supervision of these officials who have been termed fools. The farmer has discovered that if he wants to make any money out of poultry he must have his hens laying not only in the summer time but during the winter months as well, and that it no longer pays to bring in any kind of poultry not properly prepared for the market.

There are other benefits that have been obtained by the farmers. When eggs or poultry are graded by this young man, who was trained under the officials of this department, those grades must be accepted on any market: Montreal, Toronto or even the British market. If he grades poultry as No. 1, that poultry is No. 1 grade wherever it goes. That is one of the great advantages of a pool established on this basis. This organization has had a splendid record. This young man found it necessary to secure larger premises; this spring the pool moved into a larger building in that little village of Eganville, and he has found it necessary to obtain the assistance of three young women in order to carry on the work. Some little time ago I asked him if he would let me have a record of the business done last year compared with the business of the first year. I have not obtained that record as yet, but I am sure it must show an interesting story of the growth of this business. I know he told me that he has to get $30 in quarters every Saturday night in order to have sufficient change to take care of his business.

One day in this house I heard an hon. member call out, "What about eggs at eight and ten cents a dozen?" To-night I heard the hon. member for Fraser Valley mention sixteen and three-quarters cents as the average price for eggs last year in British Columbia. I take eggs to Eganville every week-end and have not received less than twenty cents a dozen for grade A. If they did not grade so high, I did not get so much. Those are the prices received during these spring months, but last fall and winter they were up to forty cents a dozen for a short time. A couple of years ago I was out to Vancouver on a hurried visit, having only a day or two to spend in that city. I called upon a friend of mine by the name of Jack Perrigo, who used to fix my binder for me when we were both young men. This man farmed later in Swift Current and then moved to Vancouver. He was anxious that I stay over another day because he wanted to take me up the Fraser valley. He painted such a golden picture of that district that I thought it must be the Garden of Eden, but I could not make the trip. From what the member from Fraser Valley (Mr. Cruickshank) has said, I have come to the conclusion that it must be something like North Battleford. It was rather a coincidence, but when I was

coming into the house to-night I got my mail and in it was a letter from my old friend, in which he states:

I am now living mostly all the time on my 400-acre farm in the Fraser Valley, and as dairy products are going up I am buying up 90 cows to milk as I have accommodation for this number in two large barns on the place. We fed 400 hogs this winter with very great success, and our marketings have been running about 60 per cent selects, up till a few weeks ago when we started shipping them a little lighter than before. We are shipping them now about 200 pounds live weight, and the last truckload of 28 hogs last week graded 23 selects, and five B-1's. The feed consisted of 75 per cent oats and 25 per cent barley with proper minerals, also some meat scraps. But as we have such great quantities of hay, which sells for such a small price, I have now decided to switch to dairy cows. I just mention the experiment we had with hogs to show what can be done with oats and which seems to be contrary to the general impression that they are of little value for hog feed.

I was very glad to have that letter and to know that in the Fraser valley there is at least one farmer who apparently is having great success.

Mr. CRUICKSHANK: I wish it to be distinctly on the record that the member for Fraser Valley has never yet apologized and never will apologize for the magnificent valley he represents. A little over a year ago I had the privilege of having the Minister of Agriculture visit my riding. Possibly if he had not visited the riding I would not be here to-day. I never have been and I never will be a yes-man. If I thought that my farmers were not getting what they were entitled to, I would be ready to say so. The fact that I am a supporter of the government does not mean that I will always agree with the government. Perhaps I know a little more about Canada than some hon. members because I have been in every province with the exception of Prince Edward Island. I have been in twenty-eight of the United States, and I know something of farming and pioneering conditions in different parts of the country. I claim that Chilliwack is the finest farming district in the dominion, even though I do not happen to live there myself.

I should like to take the hon. member for Renfrew North (Mr. Warren) along our main highway as far as the spa of Canada, Harrison Hot Springs, which the Minister of Justice (Mr. Lapointe) paid us the honour of visiting a short time ago. I would be able to show him that 60 per cent of the farmers along that highway are the class of farmer that my friend mentioned. He did not mention the letterhead on that letter he just read, but I saw it. He was talking about a city farmer, a rose-bush farmer, a man who never had to make a living off the farm.

Mr. WARREN: At one time he did.

Mr. CRUICKSHANK: He may have at one time, but not to-day. I should like the hon. member for Renfrew North to show me a farmer in British Columbia with enough money to-day to go out and buy ninety cows. There is not a farmer in my riding with enough cash to do so, and I come from a good riding. I have something in my valley which the hon. member has not in his. I have a farmer who bought $1,000,000 worth of interest-free bonds in his own name, and $1,000,000 worth in the name of the company of which he is the president. That is the type of farmer about whom my hon. friend is talking. According to the letterhead, I imagine his friend is doing a very good business with the Department of Munitions and Supply. It is, however, a different proposition when one is really farming.

I can assure my hon. friend that I shall have nothing to say about the farmers in his riding because I know nothing about them. I have never been in his riding. I wish to tell him with all due respect that he has not the faintest knowledge about what he is talking in so far as the farmers of my riding are concerned. I have been compared with the hon. member for North Battleford (Mrs. Nielsen). I think yesterday looked after the hon. member for North Battleford. I wish to tell the hon. member for Renfrew North that if he has no more sympathy for the downtrodden farmer than to commend the government for everything it does, whether it is right or wrong, the people of that riding will look after him in the same way as they looked after the hon. member for North Battleford on Monday.

I have asked for no sympathy from the hon. member for Renfrew North. I know what I am talking about when I speak about my riding. I shall be delighted to have him as my guest. I can show him a millionaire farmer who has his race horses, and another one who has carried on sugar-beet experiments at a possible loss of $40,000, for which I give him credit for experimenting. But he gets that money from oil and other stocks. I am speaking for the farmer who has not these things. I could show the hon. member for Renfrew North a farm in Fraser Valley which is renting for $5.15 an acre when the taxes are $4.88 an acre. He knows nothing of these conditions. Hon. members have never heard me deprecate the value of the minister's own province of Saskatchewan or its needs. I know nothing about wheat, and I know

nothing about conditions in Renfrew North. But I do know about conditions in Fraser Valley. I know of one municipality of 5,500 people where the relief costs average $4,200 a month. I am told that there are corresponding municipalities in Ontario with an average relief cost of $27. It would bring about more harmony and unity from the agricultural point of view if some of these members from rural Ontario would come out for the farmer who is not getting a fair deal.

Mr. QUELCH: The hon. member for Renfrew North was critical of the hon. member for Fraser Valley for his reference to sixteen cents a dozen for eggs and stated that in Ontario he is receiving twenty cents for grade A large. He is fortunate in marketing his eggs in Ontario. In Alberta, grade A large eggs bring to the producers fifteen cents; grade A, medium, fourteen cents; grade B, twelve cents, and grade C, eight cents. Therefore I think the hon. member for Fraser Valley is correct in his argument that prices for eggs are to-day altogether too low; and while the government is considering minimum prices, they might as well extend their activities to poultry. May I ask if this estimate covers the branch which regulates the grading of eggs, or is that a provincial matter?

Mr. GARDINER: The last three or four speakers have insisted on discussing marketing. The marketing votes do not start until we get to item 22. If hon. members wish to discuss marketing, I wish they would let us reach the marketing items, when we shall have the officials here and be able to give them all the information they desire.

Mr. QUELCH: Does this item refer to blood-testing?

The CHAIRMAN: The details are given on page 65 of the estimates.

Mr. QUELCH: Page 65 refers to field men. What do they do? Do they supervise blood-testing of flocks for hatcheries? Is that a federal responsibility or provincial?

Mr. GARDINER: It is both federal and provincial, but much of that work is carried on by the provinces.

Mr. TUSTIN: Would the minister explain the item of $154,678 for prizes, bonuses and premiums?

Mr. GARDINER: These are prizes, bonuses and premiums for calf clubs, stallion clubs and clubs of that type existing across the country.

Mr. TUSTIN: Poultry clubs too?

Mr. GARDINER: Yes; poultry clubs are included in that.

[Mr. Cruickshank.]

Mr. RICKARD: Eggs would come under this item. Will the minister explain the new egg grading regulations?

Mr. GARDINER: That all comes under marketing. How you feed poultry to get good eggs comes under this item, but the grading and selling come under marketing.

Mr. WEIR: This is a production item which has to do with breeding better live stock, poultry and so forth. Having regard to what is going on in the old country and the possibility of destruction of some of their stock or the use for other purposes of their fine bred herds, have any steps been taken by the government or by private individuals to bring foundation stock of some of the better herds to this country since the war broke out?

Mr. GARDINER: There is some difficulty about bringing out cattle or live stock at present. I did visit a herd during this last week when I was returning from the calf sale of eighteen shorthorn cattle brought out from Scotland very recently. One of the difficulties in bringing out live stock is in establishing quarantine places at the shipping points. In this particular instance the man went ahead and arranged to bring out a certain number. The quarantine place was there at the time, and he managed to get one shipment through. That particular shipment was not of any great advantage to him in what he desired to do, because he was waiting to distribute them through a sale across this country and part of them to the United States. He desired to bring out still more, but in the meantime it had become impossible for him to get a proper quarantine place on the Clyde on account of conditions existing there. There are negotiations going on to try to overcome in some way these difficulties, but the war makes it very hard to get stock out without perhaps running into trouble because one might bring over to this country foot-and-mouth disease which would do more harm than any good he might get out of the shipments.

Mr. GRAYDON: In connection with foundation herds from the Channel islands, when the Germans occupied the islands a year ago this June or July most of the stock was taken over by the Germans, and the rumour is that it was slaughtered. Fortunately, however, a good percentage had been brought over to this country prior to the invasion, and we have in our constituency on the farm of B. H. Bull and sons a large proportion of the foundation herds of Jersey island. That perhaps may answer the hon. member's question.

Mr. GARDINER: I remember that the hon. member for Peel asked me a question in the early part of last session, and I must state that in reply I gave him information which was not entirely correct at that time, although we thought it was correct at the time. Two or three days later it was wrong. Arrangements apparently had been made to take out some of the best bred stock. My memory is that disease broke out and that it was impossible to move the cattle, and they were left there. What happened afterwards it is difficult to say. I imagine that some of them would be slaughtered, and probably disease took care of a good many of them.

Mr. FRASER (Peterborough West): Is the minister doing anything to check the sale of our pure-bred stock to other countries? In the last war, in November, 1917, the export of cattle was prohibited from Canada except to British possessions. After this war we shall have to build up our stock for Europe because their stocks are all slaughtered. The milk for Scotland all comes now from the northern part of Ireland.

Mr. GARDINER: We have done nothing yet to prevent the exportation of stock from Canada. While we are on production, I may say that it would appear that we still have very much more live stock of every kind than we had at the beginning of the war. Our production is up in all the different lines, and so far no great harm has come.

Mr. FRASER (Peterborough West): I had in mind that people from the south were coming over here, going through our herds and picking out our very best stock for shipment across the line.

An hon. MEMBER: They think they do.

Mr. FRASER (Peterborough West): An hon. member says, "They think they do". We get a good price for them. We do not wish to discourage this practice altogether—but we should keep some in this country.

Item agreed to.

19. Production service. Plant products—seeds feeds, fertilizers, insecticides and fungicides control, including grant of $18,900 to Canadian Seed Growers' Association, $521,642.

Mr. NICHOLSON: I notice it is proposed to spend $521,642 in connection with this item. I have here a large advertisement which has been used a good deal in the west. It reads:

Less wheat in 1941 will help win the war. See the secretary of your municipality, he can help you with your application. Published by authority of the Hon. J. G. Gardiner, federal Minister of Agriculture.

Then there are small sheets bearing the words "Less wheat in 1941 will help win the war". Then there is a pink sheet on which appear these words:

Less wheat in 1941 will help win the war. We want hogs; we want butter; we want cheese; we want beef; we need feed. Why grow more wheat than you can sell?

This is also authorized by the dominion Department of Agriculture. As I pointed out, it is proposed under this vote to spend over half a million dollars for seeds, feeds and fertilizers. Would the minister be good enough to explain why on the one hand we are spending half a million dollars to produce more, while on the other hand we are spending large sums of money to discourage production. It seems to me that the minister might very well cut down this large appropriation.

Mr. GARDINER: I do not think the hon. member for Mackenzie is logical in his reasoning. The fact that you cut down wheat for one year does not necessarily mean that you are cutting down production. I do not think anyone would suggest that there is not enough seed wheat in Canada. One might, however, suggest that there are many other seeds of which we have not sufficient quantities. As a matter of fact, we did not have sufficient alfalfa seed, or seeds of any of the other grasses, to distribute throughout western Canada this year in connection with the acreage reduction plan. Much of the grass seed will have to be produced this summer, and seeded in the fall of the year, if farmers are going to take advantage of the proposal that they should have more grass next year than they had last year. All of this, of course, is related to the vote for plant products, including seeds, feeds, fertilizers and so forth.

We had difficulty in obtaining sufficient seed oats to seed the land taken out of wheat. We had difficulty in getting sufficient barley. The fact that to a certain extent we were shifting from wheat to other crops made all the more necessary the expenditure of money to provide seed, or to encourage the use of seed. But much of the work which has to be done in connection with seeds and fertilizers has to do with entirely different kinds of crops.

For example, when the war started, many of the seeds we were obtaining for gardening purposes were obtained from countries from which we can now get nothing. We are entirely barred from obtaining seeds of any kind from Holland, Belgium or other European countries. Much of the production of those seeds will have to be developed in this country. As a matter of fact, since the war started, there has been more reason for doing

work in connection with seed development than there was before. The necessity for it is increasing all the time.

In so far as the advertisements held up to the view of the committee are concerned, I would suggest only this, that while we were discussing the wheat acreage bonus, the leader of the opposition asked me how much I thought would be required, and whether we would use the whole $35,000,000. I told him I did not like to prophesy, but I was not quite optimistic enough to think we would need the whole amount. I wish to say, however, that something induced the farmers to reduce their wheat acreage this year to a degree at least as great as I expected when we started the programme. After all, when one puts out posters and advertisements, he tries to put out something which will be effective. I suggest that something was effective in persuading the farmers to reduce their wheat acreage, when they cut it down to the extent to which it has been cut down.

Mr. COLDWELL: I believe the wet spring had something to do with the matter.

Mr. GARDINER: The wet spring might have helped. It is better to have providence with you than against you.

Mr. HAZEN: Why must the minister pay analysts' fees when he employs his own chemists? Why can they not do the work?

Mr. GARDINER: We have not sufficient analysts to make all tests required. Then, at times, tests have to be made quickly at places where departmental analysts are not available, and we find it less expensive to use local analysts than to send our men there to do the work.

Mr. HAZEN: What is the total amount paid to analysts, and are there many employed? If there are not too many, I should like to have their names, and the amounts paid to them.

Mr. GARDINER: I am sorry I have not the information in that form.

Mr. HATFIELD: What is done by the fertilizer branch? What are their duties?

Mr. GARDINER: They do inspection work. All inspection work to keep fertilizers up to a proper standard is done by this branch of the department. Of course certain work in connection with fertilizers is done by the provinces.

Mr. HATFIELD: Do they have anything to do with the regulation of prices?

Mr. GARDINER: We have not regulated the prices. However, when the war started, it was thought there would be some difficulty in handling fertilizers during the war period, in view of the fact that the war itself, through the manufacturing of munitions, interferes with certain of the ingredients contained in fertilizers. Some control has been taken over fertilizers by the war supply board, but it is not a matter of controlling prices.

Mr. HATFIELD: Why was the price of sulphate of ammonia, which forms a large part of fertilizers used in Canada, allowed to increase to the extent of $10 a ton, and why is it held by a monopoly in Canada?

Mr. GARDINER: The department has received representations to the effect that the price of sulphate of ammonia has advanced substantially since the commencement of the war, and has referred the matter to the war-time prices and trade board for investigation as to whether or not present prices are justified. Those facts will no doubt be brought out by the investigation. Advance information indicates that, as claimed, the wholesale price of this product, bagged, has increased about $8 a ton. It is now selling at $36, as against $28 at the commencement of the war. The hon. member has said that there has been an increase of $10. The figure I have given may have been secured at a date different from the one he has used.

The reasons given for the advance in price is that manufacturing costs have increased, and the export demand is strong, at prices much higher than present domestic prices. That is the information I have. It has been submitted to the war-time prices and trade board, and we have not yet had their report.

Mr. HATFIELD: How many manufacturers of sulphate of ammonia are there in Canada? I understand that there are several manufacturers, because it is a by-product from coke ovens. I believe it can be bought only from one firm in Canada; why is that condition allowed?

Mr. GARDINER: I am not in a position to answer the first question. I understand that a number of firms sell sulphate of ammonia, but I have not the information as to the exact number; neither am I informed as to whether it is all sold through one company. I would have to take the hon. member's word for that.

Mr. PERLEY: I notice there is an item of $18,900 granted to the Canadian Seed Growers' association. Is that an annual grant, or is there any variation in the grant from year to year. There is an increase of $3,155 in the item. Would the minister explain the

increase? What was the cost of the advertisement that appeared in the western papers urging farmers to grow less wheat to win the war, and out of what fund was it paid?

Mr. GARDINER: I have not checked it, but I presume it will be paid out of the amount voted by parliament.

Mr. PERLEY: What is the amount?

Mr. GARDINER: I cannot say offhand. It would be for printing and the cost of sending out the advertisement. The information was sent to every person, and there are between 200,000 and 300,000 on the mailing list.

Mr. WEIR: This vote has to do with the administration of the Seeds Act, the Feeding Stuffs Act, the Fertilizers Act and the other matters mentioned, but it has no reference at all to the securing of seeds of any kind to seed acreage as suggested to the minister—oats, barley or anything else.

There is one other matter the minister might discuss—the interest taken in the production of fibre flax. I understand that the department has assumed control of the production of that product, and the committee would be interested to know to what degree it has been successful and what the efforts are in connection with it.

Mr. GARDINER: When the war started, there was considerable agitation to have the production of fibre flax increased, the reason being largely the experience which growers had during the last war. That experience indicated that if the control over seed for the growing of fibre flax was left free, the price would probably rise very high. It might get under the control of one or two individuals and be greatly increased. At the beginning of the war, the agricultural supplies board took control of all fibre flax seed in Canada and distributed that seed at a set price to Ireland and parts of England, retaining in Canada what they thought was sufficient to take care of the requirements of the farmers who would be growing fibre flax here. That seed has been distributed year by year to the different farmers at a set price. For No. 1 certified, it is $6 a bushel; No. 2 certified, $5.25; No. 1 uncertified, $4.25; No. 2 uncertified, $4. The order in council gives the information with regard to the matter, so far as the year 1940 is concerned. The number of production centres in Canada totals thirty-five, sixteen being located in Quebec, and nineteen in Ontario. In 1940 the acreage was 22,400, and it is expected that in 1941 it will be over 37,285 acres. The estimated acreage by provinces is: In Quebec 25,100; in Ontario, 9,985; in Manitoba, 2,000; in Alberta, 100; in British Columbia, 100. The total seed requirements for 1941, based on a bushel and a half an acre, amount to 57,000, for which sufficient seed is available, and the exports from the 1940 crop were 22,400 bushels, none of which was certified. Seed distribution was confined this year mainly to those who had facilities for processing the crop, and who applied first for seed. Seed of doubtful breeding was not purchased by the department because this would have meant ruin to the industry in its exports to Ireland. The varieties of fibre flax mainly grown in Canada are Cyrus, Liral, Dominion, Liral Crown, Liral Monarch, Gossamer and J. W. S.

Mr. WEIR: Does the government control production and designate where the fibre flax should be grown?

Mr. GARDINER: The department approves the area. It does not exactly pick out areas; but when individuals decide to go into the growing of fibre flax, the department investigates; if the soil and conditions generally are suitable, the areas are approved and the growers go ahead.

Mr. WEIR: Has the department control of all seed?

Mr. GARDINER: Yes.

Mr. McCUBBIN: There is an item of $18,900 for the Canadian Seed Growers' association. What are the names of the members of the board?

Mr. GARDINER: The amount voted is the same from year to year, neither increased nor decreased. The association is spread across the country, but it would be difficult to give the names of all those engaged in the various organizations. Mr. Wiener is secretary at Ottawa of the Canadian Seed Growers' association.

Mr. McCUBBIN: Is there a board of directors?

Mr. GARDINER: There is a board of about twelve men, but I have not the names.

Mr. PERLEY: With regard to the increase of $3,155, the detail of which appears on page 67 of the estimates, this is apparently a new item under subsidies. Will the minister explain the subsidy item?

Mr. GARDINER: This amount is for assistance to junior grain clubs and is based on last year's records, which indicate that there were the following clubs:

	Clubs	Members
Nova Scotia	20	252
Ontario	108	1,863
Manitoba	139	1,471
Saskatchewan	264	3,600
Alberta	107	1,754
British Columbia	19	244

The reductions in the vote for 1940-41 eliminated the allotment of assistance to provinces conducting educational and field husbandry activities, and so forth. The allotments voted prior to this year were used as prizes for seed fairs and for similar purposes. Crop competitions, et cetera, and junior grain clubs benefited therefrom.

Mr. CARDIFF: I understand that sulphate of ammonia is a by-product of steel and coke. Is that correct?

Mr. GARDINER: I understand so.

Mr. CARDIFF: If that be so, one would think that since we are making and using twice as much steel since the war, this product should not have gone up in price to the extent of anywhere from $10 to $12 when there is twice the amount available.

Mr. GARDINER: I do not know whether the hon. member was in his seat when we were dealing with this a few minutes ago. However, there is a piece of information here which I did not have before me then. Owing to munition requirements most of the ammonia produced in Canada for the manufacture of sulphate of ammonia is being diverted to the manufacture of explosives. Therefore it is possible that sulphate of ammonia may become scarce in the near future, and a reduction in its use for fertilizer may become necessary. I added that this whole question had been submitted to the war-time prices and trade board, but we have not yet had a report regarding it.

Mr. HATFIELD: I have not had an answer as to why the fertilizer manufacturers cannot buy sulphate of ammonia from the producers.

Mr. GARDINER: I shall have to give to my hon. friend the same answer as before; I do not really know. Probably, however, I can find out. The hon. member states that it can be purchased only from one concern, that there is a monopoly. I imagine that will be inquired into by the war-time prices and trade board.

Mr. HATFIELD: Are they investigating?

Mr. GARDINER: I should think they will be, with regard to price.

Item agreed to.

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

Mr. SOPER: I think we are cutting down too much our grants to fairs and exhibitions. I realize that there is a war on, but fairs and exhibitions are the show-windows of the pure-bred live stock producer. They are just the same as the show-windows to the large department stores. This was never more impressed upon me than last fall when I started out to do a little purchasing and visited some pure-bred herds in eastern Ontario. In practically every place they gave as the reason for their stock not looking better that there was no show or fair at which to show their stock, and consequently their sales were down a great deal. It would be a big mistake in connection with our live stock industry to cut down on fairs and shows.

Mr. CRUICKSHANK: I think the minister has been very fair so far as exhibitions are concerned, but I should like to corroborate what the hon. member for Lanark has said. On the Pacific coast we have developed a wonderful market for pure-bred high-grade stock, both cattle and horses, as far south as San Francisco. The minister has been very fair in the past, and irrespective of the war I think he and the department should take into consideration the future of live stock which is going to be in great demand in Canada. More consideration should be given particularly to class B fairs.

Item agreed to.

21. Production service. Grants to agricultural organizations, in the amounts detailed in the estimates, $35,500.

Mr. PERLEY: Looking at the details on page 68 of the estimates, grants to agricultural organizations, I notice that $5,000 is granted to the Canadian council on boys' and girls' club work. How is that fund handled and distributed to the different clubs? Also, if I understand this aright, it is the junior calf clubs and so forth, and I am very much in favour of it, and would be in favour of increasing this grant, because a splendid work is being done. In my own province and district a number of these clubs are doing very good work, and the experimental farm at Indian Head provides for the meetings of this club and puts on short courses. Would the minister explain how this money is handled and distributed?

Mr. GARDINER: This $5,000 is the grant that is given to the central organization, of which Mr. McLaurin is secretary. The province contributes as well. Our proportion is $5,000; it is for the central administrative costs. The grants which go to groups that gather at exhibitions are contained in the $65,000 item just passed. That is one of the grants to fairs that we did not cut out; we believe that is an important part of the work and should continue right on through the war period.

Item agreed to.

22. Marketing service. Marketing service administration, $95,252.

Mr. HATFIELD: Under what board does the pegged minimum price on butter come?

Mr. GARDINER: Under the dairy products board.

Mr. HATFIELD: Why is there a provincial board for New Brunswick as well as the dominion board? They are both putting out regulations and prices.

Mr. GARDINER: There is a provincial board in New Brunswick, and I understand there is talk of trying to organize a board representative of the three maritime provinces, the idea being, as represented to me, that there is a peculiar situation in the maritime provinces in relation to different farm products, dairy produce being one. The situation is, I understand, that at certain times the price prevailing in the maritime provinces is the Montreal price plus the freight, and at other times under different conditions it becomes the Montreal price less the freight. Double the freight for that distance amounts to quite a margin. An effort is being made at the present time I believe, largely on account of the fact that dairy products are being marketed by the board in Great Britain; that is, we are simply making agreements with Great Britain and taking practically all the cheese for the time being out of Ontario and Quebec and sending it to Britain. Therefore there is a tendency for that to have some effect in the maritimes because they are not producing as much cheese as they consume; their cheese is not entering in any great volume into the export, and there is a situation that they wish to clear up for themselves. If they desire to set up a board, no doubt our board will try to cooperate with theirs in seeking to bring about proper conditions.

Mr. HATFIELD: Does the minimum price cover dairy products sold by a farmer?

Mr. GARDINER: The minimum price is set for creamery butter graded to certain grades, but the fact that there is a minimum price for creamery butter will have an effect on the price of dairy butter.

Mr. HATFIELD: Does a person building a cheese or butter factory have to have a permit from the department?

Mr. GARDINER: I do not think a creamery operator has to have a permit. There are regulations with regard to marketing, but I do not think it is necessary to get a permit to start.

Mr. HATFIELD: The reason why I asked the question is this. A creamery company started to build a creamery near Fredericton a year ago. They were refused a permit by the department of agriculture of New Brunswick. They were buying cream and milk in that county and shipping it all the way to Yarmouth, Nova Scotia, to manufacture, and they were refused a permit to build a creamery in the town of Devon just across the river from Fredericton. Can a provincial department of agriculture refuse a permit to anyone to build a butter factory or a factory of any kind?

Mr. GARDINER: It would depend upon the provincial legislation. I am not sufficiently familiar with the laws of New Brunswick to say whether there is power to do that. While they have not had legislation in Saskatchewan, there was some indirect control over creameries due to the fact that they have the cooperatives which pretty well cover the province. For some time they did try to prevent the building of two creameries in one district, and they may have some similar regulations in New Brunswick. I am not familiar with that.

Mr. NICHOLSON: I have in my hand a copy of *The People's Weekly*, published in Edmonton, dated May 10, 1941, which contains a photograph of a number of apples headed "Government dumps unsold apples." Below this photograph I find this article:

> Growers not permitted to give them away in B.C.
>
> On April 16th last 5,000 boxes of tasty Delicious apples were taken from cold storage at Oliver, B.C., and dumped on the authority of the dominion government, which pays eighty per cent of the average price for the quantities which the grower cannot sell.

I checked up in the parliamentary library and found that one of the weekly newspapers published in the fruit district made reference to a similar article which appeared in the Vancouver press. It has not been categorically denied that this was done. Has the minister anything to say as to whether this is an accurate photograph of apples which were dumped and, if so, would he explain the policy under which that was done?

Mr. GARDINER: I have not the article before me, and I do not know exactly to what it refers. I know that for the last two seasons we have had agreements, and that we are entering into another agreement this year, under which the government of Canada assists the apple growers on account of the fact that since the beginning of the war they have not been able to market their apples in Britain. In the first year of the war Britain

did take some of our apples, but none have been exported since that time. The first year we canned some of the surplus; we dehydrated some, principally in Nova Scotia, and we entered into an arrangement with the apple growers of British Columbia whereby we agreed to pay them a certain price per box for any apples they had left the following March; and it was under that arrangement that some of the apples—I am not sure that the number stated is correct—had to be taken over by the federal government at the end of March of this year. I presume that is what is referred to in that article.

Mr. NICHOLSON: Would the minister complete the picture? This article goes on to say:

> Sponsored by the Vancouver board of trade, 72,000 apples were given away to school children last January. The gesture might well have been repeated.

The article also states:

> A resident of Oliver, in sending along the above picture of some of the dumped apples, states, "They are lovely apples, many of them wrapped, but they are not even allowed to give them away. The growers have not had 'apple money' for a long time."

Would the minister state whether or not those apples were thrown away?

Mr. GARDINER: I understand that some apples were dumped out, but I can assure the hon. member that while a few of the apples in the boxes might have been good, they were not dumped out generally if they were fit for use. Some of the apples in the boxes might have been fit for consumption, but generally speaking any that were thrown out could not be used. As a matter of fact, the year before, we shipped a great many boxes of apples to the prairies, out of the quantity we had to take delivery of, and gave them away; and I am quite sure that if these apples had been good, they would have been given to somebody.

Mr. NICHOLSON: The article states that 5,000 boxes were dumped, and the photograph would indicate that a great many of those apples were in good condition. Many of the people on the prairies have not been able to buy apples for a long time, and apples have not been issued to people on relief.

Mr. GARDINER: That is what I am trying to say; I do not believe the article is exactly correct. They must have been poor apples, or they would have been shipped to somebody.

Mr. NICHOLSON: Could the minister say what quantity has been dumped? Apparently it was quite a large quantity.

[Mr. Gardiner.]

Mr. GARDINER: The contract is not completed yet, and we have not the final figures. Therefore I would not care even to try to guess at how many were unfit for use and were dumped.

Mr. NICHOLSON: As I understand it, the minister does not question the accuracy of this article—

Mr. GARDINER: I neither question it nor agree with it. I did not write the article, and consequently I do not know whether it is right or wrong.

Mr. NICHOLSON: In this connection I have a letter from one of my constituents which offers a suggestion in connection with getting rid of the wheat surplus:

> I happen to be the local attendance officer for this school district. By the teacher's report there were three children kept home during the month because their parents had no flour to bake bread for their lunches.

What applies to flour certainly would apply to fruit. I have before me a copy of "Farmers in a Changing World," the year book for 1940 of the United States department of agriculture. Has the minister given consideration to anything similar to the stamp plan in the United States which, under the direction of Milo Perkins, has been used to dispose of a number of surplus commodities? This article states:

> Millions of low income people would eat more of these surpluses if they had the chance. The stamp plan is designed to give some of them that chance. It kills four birds with one stone. (1) The farmer sells the so-called surplus through (2) the grocer, who thereby increases his business, to (3) low income families, whose health is bettered by eating these foods; and finally (4) the nation gains all around through partially solving an acute economic problem and lifting the standards of health at the point where they are usually lowest.

Has the minister given consideration to a plan of that kind in order to dispose of a considerable quantity of our surplus wheat and fruit, in view of the fact that we are not likely to be able to sell large quantities of Canadian fruit in the European markets for the next few years?

Mr. HATFIELD: And potatoes.

Mr. NICHOLSON: Yes, and potatoes, because last winter there were parts of Canada without adequate supplies of potatoes.

Mr. GARDINER: We have gone very much further than giving consideration to it. I hope my hon. friend knows that this government combined with the provincial governments to do that very thing some time ago. A great deal of the fruit given away was gathered up in the eastern part of Canada

and British Columbia and shipped to the prairies for distribution. We did that not only with fruit but also with fish, cheese and many other products. Then I think it was only two years ago that we bought up the extra butter in the months of June and July and gave it to people in cities right across Canada. As a matter of fact, the plan which has been followed in the United States has been adapted to the needs of this country. We have not the large centres of population they have in the United States, and therefore could not follow exactly the plan they have followed; but as a government we have bought up food and given it to people who otherwise could not have obtained it. We have bought fruits and vegetables of different kinds and shipped them into some of the very areas from which letters such as the one read by my hon. friend might have come.

Mr. HATFIELD: But not under the stamp plan.

Mr. GARDINER: Under a similar plan. All the stamp plan means is that these people go on to the market when they think the price is too low and buy up the surplus, which is delivered by means of stamps to unemployed people in the cities. We did not use stamps, but we gave them certificates which they could take and get butter with. It was much the same principle.

Item stands.

Progress reported.

It being four minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Wednesday, June 4, 1941.

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, may I at this moment ask the Prime Minister if he will tell the house definitely what new legislation is proposed at this session. On the order paper there is a bill standing in the name of the Minister of Agriculture (Mr. Gardiner) and a government notice of motion in the name of the Minister of Justice (Mr. Lapointe). Somewhere in *Votes and Proceedings* I think I saw notice of two bills of the Minister of Labour (Mr. McLarty). That makes four bills. Are there to be any more?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think my hon. friend has mentioned all the bills that are intended to be brought down this session. May I say to him that I should be very much surprised if any of them proves the least contentious. They are quite short, and to meet situations that have developed.

Mr. HANSON (York-Sunbury): If they are not contentious we shall be glad to advance them.

Mr. MACKENZIE KING: I think my hon. friend will find that they are not. There may be one or two supplementary estimates, but they also will be small.

REPORTS OF COMMITTEES

Fifth report of the standing committee on banking and commerce.—Mr. Moore.

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

Fourth and final report of the special committee on the defence of Canada regulations.—Mr. Michaud.

PRAIRIE FARM ASSISTANCE

EXTENSION TO FARMERS WHO MOVE FROM TOWNSHIP AT END OF CROP SEASON

Hon. J. G. GARDINER (Minister of Agriculture) moved for leave to introduce Bill No. 95, to amend the Prairie Farm Assistance Act, 1939.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DOMINION NOTES

Mr. POULIOT:

1. Since the repeal of chapter 70 of the revised statutes of Canada, 1927, by chapter 35 of 1934, are there any more securities upon the pledge of which dominion notes are issued?

2. Are the dominion notes issued by the Bank of Canada?

3. Did the Minister of Finance transfer the securities which are the pledge of dominion notes?

4. If so, did he transfer them to the Bank of Canada, for what reason, when and by what authority?

5. Were they again transferred by the Bank of Canada to the foreign exchange control board?

6. If so, why, when and by what authority?

7. Who holds these securities now and what are they?

8. Was there any issue of dominion notes by the Bank of Canada since the securities above referred to were transferred to the foreign exchange control board? If so, how many and for what total amount?

Mr. ILSLEY:

1. No.

2. No.

3 and 4. As at the close of business on March 10, 1935, dominion notes were outstanding in the amount of $220,295,439.44, issued under the following authorities—

Dominion Notes Act..	$159,455,439 44
Finance Act.....	34,840,000 00
Chapter 4 of the statutes of 1915.....	26,000,000 00
	$220,295,439 44

The Dominion Notes Act as amended by chapter 34 of the statutes of 1934 required that the Minister of Finance hold a reserve in gold of 25 per cent against the first $120,000,000 of dominion notes issued and a reserve in gold of 100 per cent against dominion notes issued in excess of $120,000,000. Chapter 34 of the statutes of 1934 also provided that as additional security for the redemption of dominion notes "the minister may hold silver to an amount to be purchased from time to time under the provisions of the International Agreement dated at London the twenty-second day of July, 1933 . . ."

The Finance Act authorized the Minister of Finance to advance to any chartered bank or to any bank incorporated under the Quebec Savings Banks Act, dominion notes to any amount on the pledge of approved securities deposited with the Minister of Finance subject to regulations made by the treasury board. These advances bore interest and no gold was required to be held as security against dominion notes so advanced.

Chapter 4 of the statutes of 1915 ratified certain orders-in-council under which there had been issued dominion notes to the amount of $26,000,000, unsecured by gold but partly secured by the deposit of $16,000,000 of railway securities guaranteed by the government of Canada.

As at March 11, 1935, the date on which the Bank of Canada commenced operations, the advances obtained under the Finance Act by the chartered banks and the banks incorporated under the Quebec Savings Banks Act were repaid by these banks by the handing over of dominion notes to the Minister of Finance, and at the same time the securities pledged with the Minister of Finance by these banks as collateral for the advances were returned to them. With the repayment in this way of $34,840,000 in dominion notes, the amount of such notes outstanding was reduced to $185,455,439.44. Under the Bank of Canada Act, the Bank of Canada assumed responsibility for this amount of dominion notes outstanding. As consideration for the assumption of this liability, the dominion transferred to the Bank of Canada, under the authority of section 25(3) of the Bank of Canada Act, gold in the amount of $69,455,439.44, silver bullion in the amount of $986,363.18, and Dominion of Canada 3 per cent bonds due March 1, 1940, in the amount of $115,013,636.82. These assets turned over to the Bank of Canada were not required to be specifically held against the liability for Bank of Canada notes issued. Section 26 of the Bank of Canada Act sets out the reserve required to be held by the Bank of Canada as security against its outstanding notes and deposit liabilities and section 41 provides that in the event of winding up, the notes of the bank shall be the first charge upon all the assets of the bank.

The railway securities held by the dominion as security for dominion notes issued under chapter 4 of the statutes of 1915 are still held by the Minister of Finance.

5 and 6. Under the authority of order in council P.C. 1735, dated April 30, 1940 (the foreign exchange acquisition order, 1940), resident holders of foreign exchange, including the Bank of Canada, were required to sell their holdings of foreign exchange to the foreign exchange control board. Under the authority of order in council P.C. 1734, dated April 30, 1940 (the exchange fund order, 1940), the foreign exchange control board purchased from the Bank of Canada all gold held in unrestricted ownership by the Bank of Canada at the current market price. In accordance with the terms of these two orders, the Bank of Canada sold to the foreign exchange control board on May 1, 1940, foreign exchange to the Canadian dollar value of $27,734,444 and 5,888,565 fine ounces of gold, the current market value of which in Canadian funds was $225,772,887. To enable the foreign exchange control board to purchase the gold and foreign exchange from the Bank of Canada and the foreign exchange from other Canadian residents, the exchange fund set up by the Exchange Fund Act, chapter 60 of the statutes of 1935 was increased in the amount of approximately $325,000,000 by the sale to the Bank of Canada of $250,000,000 principal amount of one-year 1 per cent notes and of $75,000,000 principal amount of treasury bills, the proceeds of which were credited to the exchange fund. The exchange fund order 1940 furthermore provided that the bank's gold and foreign exchange reserve against outstanding notes and liabilities should be discontinued. The effect of these two orders in council is that in place of gold the Bank of Canada holds dominion securities, and the total gold reserves of the country are centralized in the foreign exchange control board, which under

war-time conditions is responsible for transactions arising out of the balance of payments between Canada and other countries.

7. In the answer to questions 3 and 4 it was pointed out that securities pledged by banks under the Finance Act had been returned to the banks in question, and that securities pledged under the orders in council ratified by chapter 4 of the statutes of 1915 are still held by the Minister of Finance. In the answer to questions 5 and 6 it was pointed out that no securities are specifically held by the Bank of Canada against notes outstanding but that such notes are a first charge on all the assets of the bank. It is also noted in the answer to questions 5 and 6 that the Bank of Canada has transferred all its former holdings of gold to the foreign exchange control board and holds in exchange therefor dominion government securities. Weekly and monthly statements of the Bank of Canada published in the *Canada Gazette* show as of the date of the statements the amount of the assets and liabilities of the bank under various classifications. In regard to the gold so transferred by the Bank of Canada to the foreign exchange control board, it is pointed out that the operations of the exchange fund are, in accordance with the provisions of the exchange fund, not made public but are subject to audit by the auditor general.

8. No, but the Bank of Canada from time to time issues notes under the authority of the Bank of Canada Act. The weekly and monthly statements of assets and liabilities of the Bank of Canada, published in the *Canada Gazette,* show the amount of Bank of Canada notes outstanding as of the date of the statements.

ADDRESS OF FRENCH CONSUL-GENERAL IN MONTREAL ON TUNISIA

Mr. CHURCH:

Has the attention of the government been called to an address delivered at Montreal in March, 1941, by the consul-general of the French government, on Tunisia, and containing comments reflecting on the United Kingdom and her allies, and the conduct of the war?

Mr. MACKENZIE KING: This question was answered on Monday last.

PURCHASE OF RIFLE RANGE SITE NEAR SYDNEY, N.S.

Mr. BLACK (Cumberland):

1. From what person or persons did the government purchase property near Sydney, Nova Scotia, to be used for the purpose of a rifle range?

2. What was the acreage purchased from each person?

3. What was the total purchase price paid to each such person?

4. Was any agent employed in connection with such purchase, and, if so, what was his name?

5. What commission, fee or other remuneration, if any, was paid to him?

Mr. RALSTON:

1, 2 and 3.

From whom purchased	Area in acres	Total amount paid
County of Cape Breton	0·8	$ 6.00
A. C. J. Drysdale.....	2·5	18.75
M. Jane Shiers.....	0·9	7.50
J. E. Gaudet.....	0·2	5.00
Amidee Gaudet	0·3	5.00
Annie Gaudet	0·04	1.00
G. G. Cossitt, ¼ interest in 64·1 and right of way		131.00
Dominion Steel & Coal Corporation, ½ interest in 65·0		243.75
Henry Duffell	16·1	128.80

Note.—The total acreage to be acquired is 450 acres. The above shows the areas to which title has been obtained to date.

4. Mr. Colin Mackenzie, K.C., Sydney, N.S., agent of the Department of Justice.

5. None to date. The remuneration will be fixed by the Department of Justice.

CANADIAN GUARANTEES OF UNITED STATES LOANS TO OTHER COUNTRIES

Mr. BLACKMORE:

1. Since the adoption of the lease-lend bill in the United States, has the Dominion of Canada guaranteed any United States loan to (a) Great Britain; (b) Poland; (c) any other country?

2. If so, when, and to what extent in each case?

Mr. ILSLEY:

1. No.

2. Answered by No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WAR-TIME HOUSING

Mr. NICHOLSON:

1. What salary is being paid to Victor T. Goggin, general manager, Wartime Housing Limited?

2. What is the cost of office equipment purchased by Wartime Housing Limited?

3. What firm or firms of architects have been engaged by this concern?

4. What are they being paid for services rendered?

5. How many housing units were completed up to May 1, 1941?

6. How many housing units were under construction on the above date?

7. In what cities are houses being built by Wartime Housing Limited?

8. Are any members of the staff of the national housing department employed by Wartime Housing? If so, how many?

9. Were members of the staff of national housing moved to Toronto and later brought back to Ottawa? If so, for what reason?

10. What will be the cost, when completed, of the three staff houses being built in Hamilton?

PROVINCIAL PROPERTIES OFFERED TO FEDERAL GOVERNMENT FOR WAR PURPOSES

Mr. CHURCH:

What provincial properties have been offered to the government, for use in this war, by the various provinces, (a) rent free; (b) paid for?

DEPARTMENT OF PUBLIC INFORMATION

Mr. CHURCH:

1. What is the estimated cost of the information and publicity bureau, who are its officials, what are their salaries and their place of work, (a) for the last year of record; (b) since the war started; (c) for the ensuing year?

2. How many press liaison officers or officials including those attached to his majesty's forces, are there employed by the government, and (a) to what departments are they attached; (b) what are their salaries and other allowances; (c) what duties do they perform; (d) who instructs them; (e) under what parliamentary vote are they paid; (f) what were their previous occupations?

3. Are there any such officials in the naval service?

4. If so, (a) who are they; (b) what press articles have they written; (c) what has been paid for such articles, and to whom; (d) what was the total cost?

YUKON ACT AMENDMENT

PROVISION FOR APPOINTMENT OF STIPENDIARY MAGISTRATES IN AND FOR YUKON TERRITORY

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to amend the Yukon Act to provide for the appointment of stipendiary magistrates in and for the Yukon Territory.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to.

FOOD FOR BRITAIN

PRESS REPORT AS TO APPEAL OF LORD WOOLTON TO UNITED STATES—VOLUNTARY CREAMLESS DAYS —COMMANDEERING OF CHEESE

On the orders of the day:

Mr. D. G. ROSS (St. Paul's): I wish to ask a question of the Minister of Agriculture.

[Mr. Nicholson.]

In view of the appeal made by Lord Woolton, head of the British food control, to the housewives of the United States to inaugurate a "creamless day" in order that it may be made possible to use the milk thereby saved for the manufacture of milk powder which is urgently needed in Great Britain, and also in view of the item in the New York *Daily News* with the heading "No Creamless Days in Canada", would the minister advise the house and the country if it is the government's intention to do anything with regard to this matter?

Hon. J. G. GARDINER (Minister of Agriculture): The hon. member was kind enough to give me an intimation of the fact that he intended to ask this question, and I have prepared the following answer:

We have had no information with regard to Lord Woolton's appeal to the American people other than what has appeared in the press.

It has been intimated to us from Britain that they would like us to turn all the milk possible into cheese and supply it to Britain.

The price of 14·4 cents on boat at Montreal offered by Britain is all that they can be expected to pay, as it is on a parity with what they are paying New Zealand. The Canadian government is, therefore, paying 1·6 cents above that price in addition to one cent premium on 93 score cheese and two cents on 94 score cheese. The Ontario and Quebec governments are adding as much as two cents a pound. Under these provisions the Canadian people are paying from 4·6 to 5·6 cents a pound in addition to the 14·4 cents which Britain is paying on practically all the cheese going to Great Britain, or about one-quarter of the return to the producer. This is being done to assure that this year and next the highest possible production of cheese will be made available to the British people.

To make doubly sure that the additional production thus secured will go to Britain the dairy board commandeered all cheese coming on the market from May 26 forward until further notice in the provinces of Ontario and Quebec where 93 per cent of all the cheese is made.

It will thus be seen that although we have not adopted the plan suggested in the United States we have met the appeal of Britain in the manner suggested. This fact has had the widest publicity and I am sure the method adopted is accepted by the British government as the best possible way of providing the greatest possible quantity of Canadian dairy products to Britain.

Hon. H. A. BRUCE (Parkdale): May I ask the Minister of National War Services (Mr. Gardiner) whether he will supplement the statement he has just made as Minister of Agriculture in reply to the hon. member for St. Paul's (Mr. Ross) in reference to the article by Mr. Shapiro? Was it authorized by his department, and did it pass the censorship?

Mr. GARDINER: The article was not authorized by the department. As a matter of fact I had neither seen nor heard of it until it appeared in, I believe, the Montreal *Gazette*.

ATTACK AGAINST THE ROMAN CATHOLIC CHURCH

PROTEST AGAINST DISTRIBUTION THROUGH THE MAILS OF A PAMPHLET WRITTEN BY REV. T. T. SHIELDS

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I direct the government's attention to a pamphlet distributed to our population through his majesty's mails. This brochure sheds ridicule, insult and contempt on Christianism, the defence and liberty of which constitute one of the war aims of the allies. The author of this tract reviles with impunity the religion revered by over four million Canadians. While the Vatican is the target of axis newspapers, here, in Canada, an enemy of national unity and of the Victory loan is vomiting insults on Christianism and the august person of His Holiness Pope Pius XII.

Mr. SPEAKER: I understand that the hon. gentleman is drawing the attention of the house to something which has been published. He can do so without making any argument about it.

Mr. LACOMBE (Translation): Mr. Speaker, the government may, under the National Defence Regulations and through the censorship services, prohibit and suppress this subversive publication entitled "Pourquoi je ne suis pas catholique romain", and written by Dr. T. T. Shields. I beg to lay on the table the pamphlet entitled "Pourquoi je ne suis pas catholique romain". I request that immediate, proper and decisive action be taken in the matter.

Mr. SPEAKER: I understand that the hon. gentleman desires to lay a paper on the table of the house. In my opinion, he cannot do so. He can call attention to the document for the purpose of drawing it to the notice of the house, but without any argument.

ST. LAWRENCE WATERWAY

ADDITIONAL DIVERSIONS AT NIAGARA FALLS—PROCEDURE IN INTERNATIONAL AGREEMENTS

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I desire to ask the Prime Minister a question. In *Votes and Proceedings* of May 29 are recorded the notes of Canada and the United States with reference to the additional diversions of water at Niagara Falls. The last sentence of the United States note reads:

> If the foregoing is acceptable to the government of Canada this note and your reply thereto, when approved by the senate, shall be regarded as placing on record the understanding arrived at between the two governments concerning this matter.

Apparently the United States senate will have something to say as to the acceptance of the notes. Now, here is one sentence from the Canadian note:

> I have the honour to inform you that the government of Canada concurs in the arrangements set forth in your note. . . .

Are we to understand from the Canadian note that this parliament has no voice in this matter, which is so vital to Canada?

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend knows, there is a somewhat different procedure followed in the United States from that which is followed in Canada, and for that matter in the United Kingdom, with respect to some international agreements. I assume that the reference to the senate in the United States note is due to that difference of procedure. This parliament remains a free parliament, and any matter which is of concern to its members can be discussed at any appropriate time.

Mr. MacNICOL: Can be what?

Mr. MACKENZIE KING: Can be discussed at any appropriate time.

Mr. MacNICOL: I shall bring it up when we go into estimates, then.

Hon. R. B. HANSON (Leader of the Opposition): What I think is intended by the hon. member is this. The government has agreed, by executive action and not by referring the matter to parliament, to a further diversion of the water of Niagara falls. If I understand him correctly, the hon. member objects to that proceeding, holding that before it becomes final, even for a limited period of time, the matter should be referred to parliament. I think he has taken a very proper stand.

Mr. MACKENZIE KING: There may be something in what my hon. friend has said. I shall look into it carefully.

ALBERTA NATURAL RESOURCES

AGREEMENT RESPECTING POWER DEVELOPMENT FOR WAR PURPOSES AFFECTING WATERS IN BANFF NATIONAL PARK

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of Bill No. 60, to amend the Alberta Natural Resources Act.

Hon. R. B. HANSON (Leader of the Opposition): Before this motion is carried I would ask the minister to make a more extended statement. Perhaps he will do it in committee and thus save time. Hon. members will recall that when the bill received its first reading on April 7 a brief explanation was given, not more than is contained in the explanatory note. Will the minister be good enough to give a review of the whole position? The matter is an important one.

Mr. CRERAR: Mr. Speaker, when you put the question I was on my feet to make just the sort of statement which the leader of the opposition (Mr. Hanson) has quite properly asked for.

It is quite true, as the leader of the opposition has remarked, that the provisions of this measure are somewhat unusual. I shall deal with that presently. It might be of interest to the house, however, if I gave a brief history of the development of the Banff national park and the conditions leading up to the proposals embodied in this bill.

The mineral springs that led to the setting aside of the Banff area were first discovered in 1883. In 1885 the government of the day passed an order in council setting aside ten square miles around these mineral springs. In 1887 the Rocky Mountains Park Act was passed, and at the same time the area in what is now the Banff park was increased to 260 square miles. In 1902 the act was amended increasing the area to 4,400 square miles. By order in council, in July 1892, under the Dominion Lands Act—another act altogether—the lake Louise area of 51 square miles was set aside as a forest park. The Dominion Forest Reserves and Parks Act in 1911 repealed the Rocky Mountains Park Act. If hon. gentlemen will give their attention to this they will get the sequence of the story right through. The act passed in 1911 provided that "the governor in council may from time to time, by proclamation, designate such reserves or areas within forest reserves, as he sees fit, to be known as dominion parks." At the same time the park area was reduced to 1,800 square miles. In 1917 by order in council the area was again increased to 2,751 square miles, and in 1929 a further 103 square miles were added to it.

In 1930 the natural resources of the prairie provinces were transferred to those provinces. Prior to that they had been held in the right of the crown in the federal government and administered by the federal government. In the same year the National Parks Act was passed by parliament, giving more direct control over park areas, and the name Rocky Mountains park, which up to that date had described what is now the Banff park, was changed to the Banff National Park. I might say in passing that the effect of the National Parks Act was to vest more authority in parliament than had theretofore been the case, in this particular, that no park could be created anywhere in Canada without an act of parliament, nor could the boundaries of a park be either increased or reduced without an act amending the act creating the park.

I wish now to deal briefly with the hydro power development in this particular area. About 1909 or a little earlier the Calgary Power Company was incorporated, and in 1909 it developed on the Bow river, at what was known as the Horseshoe falls, a hydro plant having a capacity of 20,000 horse-power.

Mr. MacNICOL: How far is that from the site from Banff?

Mr. CRERAR: I am not sure, probably thirty or forty miles. In 1912 the Kananaskis power plant at another point on the Bow river, was developed to a capacity of 12,000 horse-power.

Mr. MacNICOL: Where is that?

Mr. CRERAR: That is not very far from the Horseshoe falls. Again, in 1929, a further plant was developed, known as the Ghost River power plant, with 36,000 horse-power capacity. All these power plants are some considerable distance outside the present park boundaries.

Mr. MacNICOL: Is the Ghost River plant east or south of the junction of the two branches of the Ghost river?

Mr. CRERAR: I cannot say at the moment, but I believe it is close to the junction of the Ghost river with the Bow river.

Mr. HANSON (York-Sunbury): What is the total combined development of all these plants?

Mr. CRERAR: There is a development of 20,000 at the Horseshoe falls, 12,000 at Kananaskis and 36,000 estimated at the Ghost river.

In 1912 the power company made an application to secure the right to create a storage reservoir in lake Minnewanka. Lake Minnewanka lies up in the hills from the Banff townsite. I have no doubt that in the past many hon. members have visited that beautiful lake. In 1912 the company secured from the federal government the right to build a 12-foot dam which raised the level of the lake from a minimum of 4,763 feet above sea level to 4,775 feet, and by so doing gave 44,000 acre feet of storage. The lake level, under the agreement that resulted from the application, was to be maintained between the datum figures I have given—4,763 and 4,775.

Mr. MacNICOL: If you are going to maintain a datum it would be the higher figure.

Mr. CRERAR: Well, between those two levels, because the problem of the power company lay in the supply of water during the winter months. During the summer the flow down the Bow river was sufficient to enable the company to utilize its plants in a satisfactory way, but with the coming of winter the flow decreased and resulted in the company being unable to utilize its plants to their capacity.

Mr. MacNICOL: From the outlet of the dam is there any power developed between lake Minnewanka and the juncture of the Cascade river with the Bow?

Mr. CRERAR: I shall come to that in a moment. I should prefer to answer questions in the committee stage.

Since 1912 the Calgary Power company have on several occasions made application to secure more water from within the park area. Applications for storage and power privileges have been steadily refused by all governments down to the present time. It will be recalled by some hon. members, at any rate those from western Canada who are familiar with the matter, that between 1922 and 1930 there was considerable agitation over an application that the company had made to secure the right to put certain works on what were known as the Spray lakes, which were within the park area. The view was generally held in western Canada, and indeed in eastern Canada as well, that since the national parks were created as national playgrounds no industrial development should be permitted within the parks which would detract from their beauty and the purpose for which they were created. At the same time it was recognized that the power company required additional water. As a result of the discussions that took place at the time the resources were transferred to Alberta, the Spray lakes area was taken out of the park altogether. Then it became a matter for the Alberta government to deal with the power company in the disposition of the water from the Spray lakes. Nothing further was done, though I believe the company made application for and secured from the Alberta government the right to develop, but of that I am not sure at the moment. At any rate nothing further was done so far as the Spray lakes development was concerned. That is the history of the power development down to last autumn.

I come now to another phase of the story. Last November the Department of Munitions and Supply reached the conclusion, after a close study of the facts, that it was very necessary to set up an ammonium nitrate plant at Calgary. I am not familiar with the requirements of an ammonium nitrate plant, but natural gas, of which there is a large quantity in that particular area in Alberta, is a necessary material entering into the production of the nitrates that the plant is intended to produce.

There arose then the question of power. The Calgary Power company were approached and they stated that they were not in a position to guarantee the amount of power that would be required by the new plant. The amount was estimated by the engineers of the Department of Munitions and Supply, or of the government-created company, Allied War Supplies Corporation, at 23,000 horsepower. What was needed was a dependable supply of power to the amount of 23,000 horse-power. Consequently the Department of Mines and Resources was approached by the Department of Munitions and Supply, or rather by the company, first to inquire if we would agree to the erection of storage facilities at lake Minnewanka that would provide not only the necessary supply of water during the winter months but also for a new power plant to be built near Anthracite close to the lake which would produce the power required for the chemical plant.

Mr. HANSON (York-Sunbury): Was that the only available source of supply, or was it just a question of convenience?

Mr. CRERAR: The question of alternative power was raised by me with the Department of Munitions and Supply. I pointed out that the company could develop the Spray lakes area.

Mr. MacNICOL: And had not done it.

Mr. CRERAR: And so far had not done so. Secondly, that failing the Spray lakes area there was the possibility of developing power

for this new plant by steam turbine methods I urged the arguments that had been made previously many times against changing the park area. I received in reply a letter from the Minister of Munitions and Supply which I shall presently read. The suggestions I had made were, first, that the Spray lakes development might supply the necessary power, and second, that if that were not available, steam turbine methods should be examined.

Mr. HANSON (York-Sunbury): That is having regard to the presence of Alberta coal?

Mr. CRERAR: That point was urged, having regard to the abundance of Alberta coal. In the letter I received from the Minister of Munitions and Supply it was stated, and I am sure it is a fact, that the Spray lakes development would take at least two years to complete before the additional energy from such development would be available. On the question of urgency, after full consideration of the facts it was agreed that that argument was tenable and sound There was then the question of turbine development.

Mr. HANSON (York-Sunbury): Did the minister have engineering reports on the other point?

Mr. CRERAR: No, I have not engineering reports, but as a matter of fact it would take at least two years to develop the Spray lakes, because there would be required not only the works in the way of dams but also a very considerable tunnel for the diversion of water.

In regard to steam turbine equipment, such equipment is not made in Canada. It would have to be secured either from Great Britain or from the United States. Inquiry was made by the officials of the Department of Mines and Resources as to the length of time which might be required to procure this equipment. It could have been procured from Great Britain in about twelve months, if everything had worked out favourably, but there was the possibility that the plants manufacturing steam turbine equipment might be bombed, with consequent delay in the delivery of the equipment, together with the even greater risk of the equipment being lost through enemy action while in transit from Britain to Canada. So far as United States sources of supply were concerned, it was ascertained that no guarantee could be obtained in that country that the equipment would be delivered within two years. Those are the points I wished to emphasize. On November 15 my colleague the Minister of Munitions and Supply wrote me in reply to my letter in which I had set out the alternatives of steam turbine development and the Spray lakes development. The letter was as follows:

I have your letter of the 13th instant. The ammonia plant of the Alberta Nitrogen Company is scheduled to go into operation by the first of September next, and it is of the utmost importance to our war effort that the plant be assured of an adequate power supply from that date on. To be assured of power, a development must be made, and none of the possible alternatives to the lake Minnewanka development would afford this assurance. The Spray Lakes site is difficult of access and involves the construction of a high dam and a two mile tunnel. It could not be built in less than two years. It is a much larger project than is required, and the company is not in a position to undertake it.

As regards a steam power station, the plants manufacturing steam turbines are congested with orders, and deliveries are long and uncertain. Even if priorities adequate for the purpose could be obtained, they would be subject to the control of other governments, and, therefore, hazardous. Turbines from Britain would be subject to conditions in Britain and shipping risks. I am informed that in Edmonton, where coal is exceedingly cheap, the cost of steam power is far in excess of the price which the power company is quoting to the Allied War Supplies Corporation under the contract, and that the price of coal in Calgary would be substantially more than in Edmonton, with the consequent increased cost of power. As a result, and after investigation, the Allied War Supplies Corporation decided that the economic and feasible thing to do was to contract with the company. Furthermore, the power company is unwilling, under all the circumstances, to invest in a steam plant, and, if steam were selected, the dominion government would be faced with the financing of the construction and would have an uneconomical plant left on its hands after the war.

The lake Minnewanka development is simple to construct. No coffer damming or unwatering is required, and the site is accessible by good roads. The machinery would all be manufactured in Canada, and the promises of deliveries are such that the plant could be completed in time even without priorities, and, in any event, would be subject to our right to order priorities.

I am informed by the company that even at this late date, by putting temporary cribbing on the existing dam and by deepening the power canal, sufficient additional water can be made available to meet the requirements of the ammonia plant in the first season of operations.

With respect to the suggestion of scenery, there seems to be a difference of opinion as to whether or not the scenery would be improved.

With respect to the small government hydro plant, compensation will, of course, have to be paid for this.

With respect to the methods of granting the licence, it can, of course, be granted under the War Measures Act, but because of the amount of money involved the company has stipulated for an act of parliament. I see no reason why the licence cannot be granted under the War Measures Act and the necessary legislation passed at this session, but if for any reason this is considered objectionable, I have no doubt

the company would be prepared to accept the assurance of the government that the act would be passed. Whichever method is adopted, it is essential that work be started immediately, and work cannot be started until the assurance of a licence is given to the company.

Yours faithfully,

C. D. Howe.

Mr. HANSON (York-Sunbury): I assume the company want some permanency.

Mr. CRERAR: Yes, quite. I understand this involves an investment by the company of something like two and a quarter million dollars. The government of Alberta were consulted, because in a matter of this kind where water is stored and flows out of storage down a stream into areas that are under the control of a provincial government, it was felt that this should be done by amending the transfer agreement. There was also the proposal by the company that an arrangement be made with the government of Alberta to divert some of the water from the Ghost river, which is not within the park area, through the park into lake Minnewanka, by means of a canal.

Mr. HANSON (York-Sunbury): That is part of the whole scheme, is it not?

Mr. CRERAR: Yes.

Mr. HANSON (York-Sunbury): But Alberta had a proprietary interest.

Mr. CRERAR: As a federal government we were not interested in that, of course; but the Alberta government were consulted, and in a telegram to myself as Minister of Mines and Resources, dated December 5, they said:

We received a copy of recent application of Calgary Power Company to develop lake Minnewanka in Banff national park. This province is anxious for development of power to aid industrializing our province and to do our utmost in contributing to the war effort. So far as may be required this government consent is hereby given to the granting of above application and to any modifications or alterations as may be agreed to be necessary or advisable.

So that the Alberta government placed itself squarely behind the proposal. By this time the adjournment of the house had taken place, and the problem arose as to how to proceed in order to get this done without delay. I should say that the question was very carefully considered by the government as a whole, and it was only the urgent necessity of securing a dependable supply of power which would enable this chemical plant to get into operation at the earliest possible day, and ensure its continuance in operation, that led the government to the decision that the storage reservoir at lake Minnewanka should be proceeded with.

Before proceeding with the matter we inquired of the Department of Justice, the government's legal advisers, as to the propriety of authorizing the company to proceed with this work by order in council under the War Measures Act. I should like to quote the opinion given by the Department of Justice on this point:

As the proposed project is, on the representations made by the Minister of Munitions and Supply, clearly required for war purposes, I am of opinion that it would be competent to the governor in council, under and by virtue of the powers conferred by the War Measures Act, to grant your minister authority to permit the company to commence the construction of the works contemplated by its application upon the terms and conditions proposed.

On that opinion an order in council was passed, but it contained a provision that it would be subject to ratification by parliament; and the bill we are now considering proposes to give that ratification.

Mr. HANSON (York-Sunbury): That is P.C. 1983?

Mr. CRERAR: Yes. Accordingly arrangements were made to grant the company interim permission under authority given by this order in council and, as I said a moment ago, with the provision that it had to be approved by parliament. The licence has all the safeguards provided for under the regulations of the general Dominion Water Power Act. That act is of long standing, and the regulations under it are those which have governed power development throughout the country for a great many years.

In addition the licence contains special provisions designed to protect the natural beauty of the park. In the main these may be summarized as follows: In carrying out the proposal, the level of the lake will be raised from 4,775 feet, the present maximum, to a maximum of 4,840, or a total of 65 feet. It is estimated that not more than 30 feet of water will be drawn off the reservoir during the winter months at any time, to ensure the full supply of water necessary for the operation of these plants. So that the minimum low level is raised about 35 feet from its present maximum.

In doing that a very considerable area is bound to be flooded. The provisions of the licence, I believe, are ample to ensure that the work done by the company in clearing around the present shores of the lake shall be carried on in such a way as to detract as little as possible from the natural beauty of the lake. Consequently the licence contains definite provisions for clearing and close cutting of timber, and the taking out of the stumps on the part of the shore which might

be subject to flooding or wave action. This is all being done to the satisfaction of the minister of the department.

In addition the company agrees to the release of sufficient water at any time the park authorities may require it for any purpose. It is anticipated that this will be required only for possible fire fighting purposes. In addition the company agrees to the construction at its cost of new roads, trails, wharves and so on, to replace those flooded or damaged, including a new road across the dam, and following the water conduit down to Anthracite, where the power plant will be established. The proposal is that a new power plant will be built. The licence provides that it has to be to a design satisfactory to the park authorities or to the minister.

The canal which will be made to carry the water to the new power plant will be constructed in a manner satisfactory to the parks authorities and to the minister, and in accordance with the dominion water power regulations. The dam itself will be of earthen construction. It will be very substantial, since, as I said a moment ago, the purpose is to raise the maximum level of the lake by at least 65 feet. The company agrees to provide a proper road across the top of the dam and down to Anthracite, perhaps a mile and a half or so, where it will connect with the road from Calgary to Banff, and to maintain these works in a way which will detract as little as possible from the scenic value—and if possible, in time, when trees and shrubs are planted, increase the scenic value.

To ensure that these works are carried out in accordance with the provisions of the licence the department has retained the services of Doctor Thomas Hogg, chairman of the Ontario hydro commission, to act in a consulting capacity. We have also retained the services of a landscape architect who is to study the effect of the proposed works on the scenic value. The company agrees to pay the expenses and remuneration of both these consultants.

If all the terms and conditions of the interim licence are complied with the company will be entitled to receive a final licence containing the following principal conditions: The right to raise the level of the lake to the points I mentioned a moment ago, that is, above mean sea level, and to store a maximum of 200,000 acre-feet of water, the level of storage to be the economic maximum as fixed by the minister; and the right to use all stored water, subject to the maintenance of the required flow in the Cascade river. The period of the licence is to be for fifty years from the date of completion of the authorized works, the rental for storage and power rights during the twenty years following the date of completion of the works to be the same as under the interim licence. I shall give further details with respect to that in a moment.

This is subject to revision after twenty years, and every ten years thereafter. That is, for twenty years the rental for storage and water paid by the company is fixed. After that it comes up for reconsideration at the end of twenty years, and every ten years thereafter, until fifty years have expired. The rental for lands occupied is to be fixed for a period of fifty years. All rights held and obligations assumed by the company under the agreement of March 1, 1912, are to cease from the date of completion of the works.

Mr. HANSON (York-Sunbury): What is the effect of that?

Mr. CRERAR: All rights held and obligations assumed by the company under the agreement of March 1, 1912—that is, by which they got power from the government of the day to build the 12-foot dam—disappear.

Mr. HANSON (York-Sunbury): It is merged.

Mr. CRERAR: The minimum rental to be charged for water is fixed at $5,750 per annum. They have to pay that whether or not they use water. This minimum will be increased by a rather complicated formula—which, quite frankly, I would not attempt to explain to the house—depending upon the amount of water used. The estimated rental the department will receive for water will average between $8,000 and $9,000 per year.

In addition the company pays annual rental for the lands used or occupied within the park—that is, the lands flooded, the land where their power plant is settled, and the land for the canal leading to the power plant.

Mr. HANSON (York-Sunbury): That is very little. It is five per cent on the appraisal, is it not?

Mr. CRERAR: They agree to pay five per cent by way of annual rental on the appraised value of all these lands.

Now I come to another aspect. Under the agreement made in 1912 the Calgary Power company was authorized to construct a dam at the outlet of lake Minnewanka. The agreement also provided that if at any later time the federal government through the park authority decided to provide a power plant of its own for supplying the needs of Banff, the company would release 150 cubic feet per second when required by the minister so to do.

Mr. MacNICOL: What is the present flow in cubic feet per second at the outlet of lake Minnewanka, and what will it be under this new arrangement?

Mr. CRERAR: I cannot give that information at the moment, because the flow varies, depending on the amount of water. I come back to this provision of the agreement, which is one of the most important provisions. Under the agreement authorizing the company to build this 12-foot dam in 1912 as stated a moment ago the company agreed to release, upon request of the minister, at some future date, 150 cubic feet per second which might be utilized for power purposes within the park.

In 1924 the government took advantage of this clause in the agreement and erected within the park, to supply park needs and to give service to the residents of Banff, a power plant known as the Cascade river power development. It is some little distance below lake Minnewanka. Those who have visited the lake will recall where the plant is. The total cost of this plant to date, including the purchase of the distributing system in Banff, is approximately $240,000. Since completion of this plant in 1924 it has supplied power and light for the town of Banff and all requirements of light and energy for the park administration. The operating results for each of the last five years have been as follows: If we leave out of account the amount of light and power supplied for the park administration, making no charge for that, the operations in 1935-36 resulted in a deficit of $5,839.

Mr. HANSON (York-Sunbury): The results depend on the rates charged.

Mr. CRERAR: These are the results based on the rates. There was a charge of 5 per cent interest on capital, also sinking fund charges. In 1936-37 the deficit was $3,829. In 1937-38, there was a deficit of $2,387; in 1938-39, because of the return of more prosperous conditions, shall I say, generally throughout the country, there was a surplus of $2,275. In the past year ending March 31, 1940, the surplus was $5,563.

Under the new arrangement provided for in the interim licence we abandon that power plant and the company agrees to purchase it.

Mr. MacNICOL: Is the new plant to be at the same site?

Mr. CRERAR: No. We agree to sell to the company this power plant, which, as I stated a moment ago, cost about $240,000, and the company will take over the whole system, including not only the power plant but the distribution system as well. They pay us the cost, less depreciation on a basis to be agreed upon, plus $100,000 in cash. The surplus last year was roughly 5½ per cent upon this amount. This result, I ask the house to bear in mind, was achieved without making any charge to the park administration buildings for light and power or for light and power required purely for park administration purposes throughout the whole park area.

Under the proposed arrangement the company also agrees to supply power and light to Banff and vicinity at rates not exceeding those at present in effect, and that is definitely embodied in the licence provisions.

Mr. JOHNSTON (Bow River): What is the rate now?

Mr. CRERAR: I could not say at the moment.

Mr. JOHNSTON (Bow River): I think it is five cents.

Mr. CRERAR: Up until a few years ago there was a cash deficit in operation, but that deficit has been converted into a surplus by the increased use of power.

The company also agrees to supply the department for its purposes up to 500,000 kilowatt hours a year free of charge. That corresponds to the present situation, as we are using from our own plant about 400,000 kilowatt hours for which no credit is given to the plant. In addition, as the park develops, more power will be required, and when that time arrives the company agrees to provide such energy as is required by the department over and above the 500,000 kilowatt hours at a rate of one-half cent per kilowatt hour.

Within the limits of the foregoing provisions the rates will be subject to control by the Alberta Public Utilities commission. In other words, the rates to the residents of Banff under the provisions of the licence cannot be increased at any future time, but they may be reduced through application to the Alberta Public Utilities commission if the facts warrant such reduction. Thus the residents of Banff are protected against any increase in rates, and the department is assured of a considerable block of power free of cost and its additional requirements at a reasonable rate.

There is one other point I should mention. There are on the shores of lake Minnewanka a number of summer cottages, with small wharves which have been built by the owners.

Mr. HANSON (York-Sunbury): They are under lease, I suppose.

Mr. CRERAR: They are under lease. The company agrees to remove them all to new sites free of cost to any of the owners, and

to reimburse them for any loss they may sustain. The company also agrees to build new wharves where such may be necessary.

I think, Mr. Speaker, I have covered in a general way the main provisions of the agreement. Let me summarize, as follows:

The changes in the level of the lake are to be brought about in such fashion as will detract in the least degree possible from the scenic value. The works are to be built and landscaped on the suggestions of the landscape architect which the department has employed and which the company pays for, subject to this, that if there is a difference of opinion between the landscape architect and the company's engineers as to what work should be done, it will be referred to the minister, and his decision is to be final.

The power plant is to be built of a design satisfactory to the park authorities, and the dam and other works are to be treated in a similar way.

The government in its administration of Banff park is protected in the matter of electrical energy, in that it is to be maintained in its present position so far as the supply of power and electrical energy to the park is concerned.

I recognize, and I sympathize with, the very widely held view that our national parks should be kept as free as possible from industrialization of any kind; that they should be maintained as great natural beauty spots. This was the purpose of the parks act, and during the last fifteen or twenty years that purpose has been consistently carried out. As minister in charge of the administration of the parks—and in what I am about to say I speak for the government—I can say that these works would not have been agreed to had it not been that we were convinced of the urgency of a war need. The production of ammonium nitrates is vital to the manufacture of munitions of war. As I stated earlier, the plant was located at Calgary because the necessary quantities of natural gas were available.

We are in a desperate war. We do not know how many dreary, heavy months lie ahead. We do know this, that if we are to succeed, the implements and the equipment of war, the guns, the tanks, the aeroplanes and the munitions, must be supplied. The government felt that under the circumstances this plant should be brought into operation at the earliest possible day, and the importance of bringing it into operation as soon as possible is the justification for a departure from what has been the policy of all governments in this country for the last twenty years. It does not establish any precedent, because it is definitely tied up to war needs. No one can cite this particular case as an example to be followed with regard to the construction of works in the parks in the future.

Mr. HANSON (York-Sunbury): Yes, but this is for all time.

Mr. CRERAR: What my hon. friend says is quite true; it is for all time.

Mr. MacNICOL: And not for war time.

Mr. CRERAR: It is true that after the war is over the Calgary Power company will retain the advantages which this additional supply of water ensures to it. But there was no way in which this development could be carried out for war purposes for the period of a year or two and then everything brought back to where it was before the development started. We had to recognize that fact; the house will recognize it, and no one more quickly than my hon. friend the leader of the opposition. This being so, once the decision was made that the development should take place we proceeded along lines which will ensure as far as possible the maintenance of the scenic values of the park, which will give to the government what we regard as a fair return for the advantages the company secures, and also a guarantee to the people of Banff and to the government that they will get their light and power needs for all time at fair and reasonable rates.

Hon. GROTE STIRLING (Yale): In this debate on the second reading I do not propose to do more than offer a few remarks with regard to the principle of the measure. In the committee stage we can obtain further information on details and express further opinions.

When this matter came before the house on the first reading of the bill, we had the advantage of the brief remarks which the minister made on that occasion, and I suppose the memories of others than myself went back to the controversial times of ten and twelve and fifteen years ago, when a matter akin to this was a very debatable question in this house.

It is unfortunate, in my opinion, that a matter of such importance in principle and theory as this is, should have been delayed until so close to the adjournment of the house. It is a pity also, I think, that it was not sent to a committee by which all the necessary plans and documents could have been studied. As an instance, I read in the explanatory note that there is to be the diversion of a branch of a certain river, and I have been at a little pains to clarify my mind with regard to what that amounts to, lest it be

the diversion of a river from another watershed into this watershed—which is always a matter of very great controversy.

I find, however, that the Ghost river is one which has several branches—shall I call them—at the tips of the fingers, up in the watershed; that this is the diversion of but one of these many branches; that in freshet time it is not an undesirable thing to relieve that piece of the mountains from freshet water, because the main Ghost river is what we in the mountains call a wicked river. It is diverted, therefore, and the water which is carried into it is diverted into lake Minnewanka. The Ghost river itself enters the Bow river below the two present developments for hydro-electric power on the Bow river, but this quantity of water will in future pass through the works at Minnewanka and then enter the Bow river, so that it can again pass through the two developments on the Bow river—which is an advantage that is understandable when explained.

But the minister has laid a good deal of emphasis on the fact that the government's decision was arrived at because of the intrusion of war necessity. I can well understand the anxiety of the Department of Munitions and Supply and that portion of the government and its officials that are intensely interested in everything which can assist the war effort. We all are, to an extent. But we must not shut our eyes to the fact that the war part of this argument is an intrusion into the larger question: shall such developments as these in the national parks be permitted? It was round that question that the controversy arose twelve years ago, and it is still a question on which there can be very wide diversity of opinion.

I am one of those who consider that the parks having been set aside for the very proper purposes of entertainment and rest, nothing should be done to impair their uses for those purposes. The very fact that the minister has explained in such detail the safeguards he has hedged around this arrangement indicates that the government itself is persuaded that that is the serious decision which has to be made. If this national park in the Rocky mountains were the only park we had for the purposes for which parks have been set aside, it would be a different matter, but different only in degree. A considerable number of areas have been set aside in our mountains for the purposes of recreation and rest; and the matter has been hedged around with safeguards. There are arrangements for beautification, arrangements for the use of the park, arrangements whereby the cottages will be moved at the expense of the company to a safe place, and particularly arrangements with regard to that dreadful strip all round this lake which lies between actual high water and what may be termed mean high water. Stumps have been removed and the clearing of debris leaves the strand, shall I call it, not unlike a sea beach.

Bearing in mind the fact that the government is making arrangements for that to be at least as little ugly as possible with these safeguards; that there are other areas which can be used for recreation and rest; that it is necessary in this case, as it will be in other cases, for a special bill to come before the house and be discussed in parliament, when there will be opportunities for protecting the public interest, and the further fact that these mountains on the eastward slopes of the Rockies are a natural watershed for the supply of power, which is now and will be increasingly required in the province of Alberta and even perhaps in Saskatchewan, I do not object to the bill going through in its present form.

Mr. J. R. MacNICOL (Davenport): I do not rise to oppose the bill, but there are some aspects of it that give me a great deal of concern. In the first place, I dislike more than I can tell the implication of the bill that this is for war purposes. I am not opposed to development for the purpose of prosecuting the war, but I am opposed to this proposal coming in at this time and the attempt to impress us with the suggestion that it is for war purposes. I have a keen recollection of the same sort of argument having been presented when the successful effort was made to dam the south branch of the St. Lawrence river near Massena, New York, during the last war, in 1918, and the solemn undertaking then given, that, parliament having permitted the damming of the river, the dam would be removed after the war. That was not done; the weir still remains and the water is still being taken out of the St. Lawrence for power into the state of New York.

I asked a question to-day on the orders of the day about a similar situation in connection with Niagara falls, also for war purposes; and now this bill is said to be for war purposes. If in each instance we could revert after the war to the condition which prevailed before the attack was made in the vicinities concerned, I for one would be one hundred per cent for it—and I am not opposing it now. I do say, however, that the public should know of these arrangements involving public resources, made under the guise of the prosecution of the war. We all want to prosecute the war, but I hope we are all opposed to the war being used as a means of raiding the public resources.

What is the situation at Banff? I have been there and I know the area. I am not opposing this measure but I say that the public should know. There is a fine body of water, lake Minnewanka, in the park. The river running out of it is the Cascade. It flows out of the west end of the lake into the Bow, not far distant from Banff. To the east, some ten miles over the divide, there is another river called the Ghost, which has two main branches. There is a great number of small branches, but the two main branches are the south fork and the other known as the main fork, I presume. The Ghost river is dammed, I understand—that is, the main Ghost river after the junction of the two branches. At least, that is the way I understood the minister. The hon. member for Calgary West (Mr. Edwards) will know more about it. If the minister is wrong, however, then where is the dam that is producing the 36,000 horse-power?

Mr. EDWARDS: The dam is in the Bow river, immediately below the junction.

Mr. MacNICOL: The minister said that the Ghost river itself was dammed. Was he wrong?

Mr. CRERAR: When my hon. friend asked that question in the course of my remarks, I was not quite certain where it was. I thought it was on the Ghost river before its entry into the Bow, but the hon. member for Calgary West says that it is on the Bow just below where the Ghost enters into it. However, it is not a matter of much importance.

Mr. MacNICOL: What I was going to say in that regard is that if the minister were correct and 36,000 horse-power were developed on the Ghost river itself, then the diversion of one branch would interfere with power development on the Ghost river itself. But as the hon. member for Calgary West says, the 36,000 horse-power development is on the Bow river at a second dam, in addition to the first dam that develops 20,000 on the Bow. In other words, the company is now developing 56,000 on the Bow river. Is that right?

Mr. EDWARDS: All the power now being developed by the company is generated from the dam in the Bow river.

Mr. MacNICOL: Is there only one dam?

Mr. EDWARDS: There are three, starting west from Calgary—the Ghost, the Horseshoe and the Kananaskis.

Mr. MacNICOL: So that all power at present developed is on the Bow river. Then the diversion of either of the other branches of the Ghost river would not lower the power on the Bow. I am somewhat familiar with water-power production, and in my opinion the diversion on the Ghost river of one branch of that river into lake Minnewanka would not lessen production of power on the Bow, because once the water flowed out of the Ghost into lake Minnewanka it would pass through the Cascade back into the Bow and flow down the Bow and increase power development.

Mr. EDWARDS: Except this, that at the present time the water that is now flowing down the Ghost river that it is proposed to divert into lake Minnewanka only goes through the one power dam at Ghost river, whereas if it is diverted into lake Minnewanka it will then go through the Minnewanka plant, through the Horseshoe plant, and down through the Kananaskis plant and the Ghost plant, thus being used four times.

Mr. MacNICOL: I thank the hon. member for the explanation, which is that two of the dams on the Bow river are west of the junction of the Ghost and the Bow.

Mr. EDWARDS: All the dams on the Bow river are west of Calgary. The first is at the junction of the Ghost river and the Bow, then the Kananaskis and then the Horseshoe.

Mr. MacNICOL: In other words there is no loss of power on the Bow by diversion of the Ghost.

Mr. POULIOT: Is the Ghost R.B.'s?

Mr. MacNICOL: The minister was not certain where the new power development would be built on the Cascade. I should like to know what the head of water would be on the Cascade, or if the flume is going to run from the 77 foot dam at the outlet of lake Minnewanka to the power plant on the Cascade.

Mr. CRERAR: I think I stated that the new power plant would be developed near Anthracite, which is within the park boundary, and the flume or channel which conveys the water from the dam to the power plant is to be constructed—

Mr. MacNICOL: From lake Minnewanka.

Mr. CRERAR: From the lake level. I cannot say just what the head of water will be. I do not know that that is very material.

Mr. MacNICOL: It is the essential item in connection with power development, together with the flow. I have been figuring out what the possible flow would be from the watershed of the Ghost. So far as I can see, about 600 cubic feet per second, the watershed being about 100 square miles, would flow into lake Minnewanka.

I think that is all I wish to say about it at the moment. I did not like the raid on the St. Lawrence, which has never been rectified, said to be for war purposes, and now the raid on the Ghost also said to be for war purposes, because it will have some effect upon the park. A dam 77 feet high will raise the lake level away up the mountain side. The hon. member for Calgary West shakes his head; but how can you raise the water level 77 feet without going up the mountain side or flooding land? That means a pretty deep lake in the park.

If, however, the minister has given his consent and the work is now under construction, there is nothing we can do. But I point out to the public that this is just another example of the raid at Massena, and at Niagara Falls.

Mr. T. L. CHURCH (Broadview): I place the onus in this matter squarely on the government. How does it come about that this bill, which was introduced and given first reading on April 7, now comes for second reading on June 4, a few hours before adjournment? The responsibility is on the government and not on the opposition if the session is prolonged a day beyond this week.

The Calgary Power company has been a menace to Canada. It is just as bad as or worse than Beauharnois. I will explain why. This company came into the central provinces of Ontario and Quebec and grabbed water power at Chats falls upon which the Ontario goverment had to take over power. The company started in 1912. It was incorporated not by act of parliament but by a charter under the laws of Alberta, and then came down here, and got a Quebec charter to develop on the Ottawa river at Chats falls in 1926.

Who are these people? They are some of the very same people, the Montreal people, some of them behind the Sun Life, behind the Beauharnois deal, part and parcel of the super power trust. Mr. Killam was one of them, the man who owned the *Mail and Empire* and sold it in a merger of two newspapers in Toronto. Where there used to be six Toronto newspapers reporting the proceedings of this house, to-day there is only one. Hardly anyone knows what happens in this chamber or what is being given away. How does it come about that this bill is introduced as a war measure in the dying days of the session? It is not a war measure. That nitrogen plant should never have been established there. They knew at the time that the Alberta government had no power and this government had no power to hand over all these great water powers to private greed for gain centred in Montreal, without this house amending the parks act.

Where are the headquarters of the Calgary Power company? According to "Houston's Financial Annual, 1940," they are at 244 St. James street west, Montreal, with an operating office in Calgary. The directors of the company are G. A. Gaherty, president; I. W. Killam, of blessed memory; R. B. Baxter; Fred C. Clarke; H. H. Parlee; S. B. Hammond, and—listen to this—H. J. Symington, K.C., the war-time power controller, if you please, who has saved only about 150,000 horsepower as a war measure by daylight saving all year and then in the morning from six to nine o'clock by domestic use of power. The saving in the result is little except for alloys for the Aluminum company. The regulation is not obeyed in some towns in new Ontario. This gentleman's name is also in another company, called Calgary power in Quebec. This is the company that started in 1926 at Chats falls on the Ottawa river, an interprovincial stream.

This same process is going on in Ontario and Quebec. The Calgary Power company went to Quebec and incorporated a company in 1926 after the notorious Sifton bills to grab all the waters of new Ontario were defeated here in the Ottawa and Georgian bay canal bills, which were talked out in this parliament by those who were then sitting in opposition. When this company found that the Sifton interests had lost these extension-grab franchises on the Ottawa river, the same people, known as the Ottawa end of the Calgary Power company deal, went to Quebec and got a charter under the name of the Ottawa Valley Power company, which was owned by the Calgary Power company exclusively. They secured incorporation under the laws of Quebec. They knew enough not to come to Queen's Park in Toronto, because by the British North America Act water powers and navigation rights, international and interprovincial, are under the control of this parliament. Having got the Ottawa Valley Power Quebec charter they also incorporated on August 11, 1926, as the Chats Falls Power company under the laws of Quebec, with head office at 244 St. James street, Montreal, and the same directors as the Calgary Power company, except one. On October 22, 1930, the name was changed.

How does it come about that although we have a standing committee which deals with water powers, that private bills committee has never been called? Why is this bill made a government bill? I ask the government to withdraw this bill, to leave it over until the session is resumed, perhaps in connection with the St. Lawrence waterway. Not by the widest stretch of the imagination can this

plant be opened by September 1 as the situation is at present; and if it is, they are going to sell power to private people in the district at fabulous prices and under no control whatever.

The agreement in the schedule of this bill is between the dominion government represented by the Minister of Mines and Resources and the government of Alberta. When the prairie provinces got back their natural resources in 1926 I opposed the giving over of these water powers which belong to the people of Canada unless restrictions were placed in the act, because, as I contended then on behalf of the people, these water powers should not be alienated for private greed and gain the way the central provinces were looted. There is some 42,000,000 horse-power of hydro-electric energy capable of development in this country, of which only one-seventh is developed, and part of that development is only seasonal. I want a national hydro policy for this country with power at cost. I contended then that some of these people who were grabbing water powers in the Ottawa valley and eastern Ontario and Quebec sooner or later would be rapping on the door of this parliament in a power grab, as well as in Alberta and Saskatchewan, seeking to get away from the protective provisions of the National Parks Act.

I do not believe we should part with these resources as a war measure, because this is not a war measure. The plant never should have been there. The power is to be granted in perpetuity. The huge cost of our war effort has been greatly enhanced by this way of doing business. Here a nitrogen plant has been located in the Calgary district; a string of air force training camps has been built across Canada, each requiring sewage and water services furnished at fabulous cost because of wrong locations. The same principle is being followed in this bill, and it all adds to the cost of the war. Where is the Minister of Munitions and Supply (Mr. Howe) this morning? Why was this plant located where it is? Where is the cabinet minister representing the province of Alberta? Did these two hon. gentlemen recommend this bill, this parting with power rights forever, unregulated? I doubt it very much.

We must look into the history of this company to understand what is behind this application. This bill contains only two short clauses, one validating the agreement which is set out under the schedule "A" attached to the bill, and giving the minister authority to grant the licence referred to in the agreement, notwithstanding the provisions of the National Parks Act, which is chapter 33 of the statutes of 1930. The explanatory note states:

In 1912 the Calgary Power Company was given the right to construct a dam at the outlet of lake Minnewanka in Banff national park with right to store 44,000 acre feet of water. Following the decision to erect a nitrogen plant at Calgary for war purposes the company in November, 1940—

Away back in November of last year the government knew legislation would be required in order to get around the parks act, yet not one word was said about it until the first reading on April 7, 1941. Paragraph (e) of the agreement in schedule "A" gives the company the right to sell electric power to residents of Banff and vicinity for commercial and domestic lighting. Why, the rates will be so high that the local people will not be able to buy power at all. We had an experience with these Calgary power people in the Chats falls development, not far from this city, and that experience should make us think twice before we pass this bill in the dying hours of the session. The policy of hon. members of the New Democracy group, who are not here in very large numbers this morning, should be "no surrender." They and the Cooperative Commonwealth Federation stand for the preservation of our water powers for the benefit of the people; they are in favour of public ownership, and I give them credit for that. I would ask them to study this bill, study the history of this company in Ontario and Quebec from 1912 on and of the power ring that had Ontario by the throat.

There is a forward move of aggression by not only this company, from 1926, on, in Alberta, and elsewhere, but we know the history of the Montreal Light, Heat and Power company, and we also know the record and history of the notorious Beauharnois company, and its subsidiaries, and interlocked directorate set-up. The great super power trust of north America never rests; it is ever on the march.

There is also, again, the Stormont Power company; I can tell hon. gentlemen that this is owned and connected with the Sun Life company, and that company's quasi power investments and the power campaigns, past and present, of that company in many deals at control. Recently in this house a question was asked by me in regard to the Stormont power plant, and, as I say, it was revealed that this plant is completely owned by the Sun Life company, one of whose employees, Mr. Lawrence Jack of Montreal, now is writing articles for this wonderful publication *Saturday Night* to tax public utilities which operate at cost. I think it would be better on this power matter to change the name to *Montreal Saturday Night* for such Sun Life articles, if

it is going to discuss the natural resources of this country and tax Ontario's light and power and transportation services. It is not hard to see what is being done in this connection by the old power people in Montreal. Here we have a forward movement in Alberta; there is a forward publicity movement by the Sun Life to destroy public ownership, and it is going on all across the country. No surrender, I say, to these people here. Then the explanatory note continues:

. . . the company . . . applied for permission to increase the water storage capacity to 200,000 acre feet and to construct and operate a hydro-electric plant in the park for the operation of the nitrogen plant.

As the plans of the power company to develop such additional storage involved the diversion of waters outside the park boundaries and as the park was situated within Alberta, the application was submitted to the provincial government who approved of it being granted. The national resources transfer agreement does not contemplate developments of this nature being permitted in national parks and it was deemed advisable to enter into the formal agreement referred to in the schedule hereto.

As it was planned to have the plant of the nitrogen company ready for operation on September 1, 1941, it was therefore of the utmost importance that an adequate supply of electric power be available as soon as possible. To prevent delay in completing the power expansion work, tentative permission was given to the power company under the War Measures Act to commence construction pending and subject to approval by parliament and the Alberta legislature.

You can see how the War Measures Act is sometimes twisted, broken in a racket and extended for the benefit of private greed and gain; but when it comes to erecting a small annex, needed so badly for real war work, to a technical school in Toronto, costing not more than $150,000, in order to train men for the air force and aircraft munitions, what a different story is told.

I am absolutely opposed to this proposal. I will give just one instance of what this company did in Ontario, in order that the people of Alberta may be warned. I am not responsible for taking up the time of the house; far from it. At this time blame the government. The government is to blame for trying to force this bill through the house in the dying hours of the session, without any plans or information or any regard to the opinions of those representing the provinces of Alberta and Saskatchewan. We know these power people in Ontario; we have learned something about their methods and how they go about getting things through this parliament, as they have for nearly thirty years in the past. Some of the millionaires who are at the head of this super power trust centred in Montreal know no politics; they are heard of at election time; they are millionaires first, last and all the time, grabbing the public domain. Now, under the War Measures Act, they are seeking to grab in perpetuity these natural resources which will be so badly needed after the war when unemployment again may have to be faced and high power rates will ruin Alberta as it will new Ontario. Then the price of coal will be so high that we shall not be able to buy any in this country. As a result industry will be starved and people will have to pay prohibitive prices for power.

What did this same company do in Ontario? I quote from page 304 of Houston's "Annual Financial Review" for 1940:

The Ottawa Valley Power Company, incorporated under the laws of Quebec, holds in part through ownership and in part by a lease from the government of the province of Quebec extending for seventy-five years from March 1, 1926, all the water power rights in the province of Quebec at Chats Falls, on the Ottawa river.

The Ottawa river is an interprovincial stream, you see.

The Hydro Electric Power Commission of Ontario, through lease from the government of the province of Ontario, holds all the water power rights in the province of Ontario at the same site. The company and the commission have agreed that each is entitled to one-half of the water available for power, and, under a joint development agreement, there has been constructed a dam with capacity of 224,000 horse power—

That is about the same horse power involved in this bill.

—consisting of eight units of 28,000 horse power each, four of which are owned by the company and four by the commission. One-half the total installation was completed and placed in commercial operation in 1931, and the balance in 1932. The dam and power house are owned or held on the Quebec side by the company, and on the Ontario side by the commission and, under the terms of the joint development agreement, which extends for seventy-five years from March 1, 1926, must be used jointly for the purposes of the development.

And then there was a contemplated power shortage in the province of Ontario. If you will look at the last financial statement of the Calgary Power company, which appears at page 301 of this same volume, you will see that the total assets in 1939 amounted to $25,638,014 as against $25,360,687 in 1938, and they had a large surplus as well. The consolidated income account shows gross earnings of $2,173,613 in 1939, with operating expenses of $705,108 and net operating earnings of $1,468,505. In 1938 the gross earnings were $2,114,021, and the net operation earnings were $1,357,582. In 1937 the gross earnings were $1,998,058, and the net operation earnings $1,288,151.

It will be seen from the set-up of this company that it owns and operates three water power plants on the Bow river west of Calgary, of an aggregate capacity of

70,000 horse-power. The Horseshoe falls plant of 19,000 horse-power commenced supplying power in May, 1911; the Kananaskis plant of 13,000 horse-power in February, 1914, and the Ghost plant of 38,000 horse-power in October, 1929, this latter being the largest power plant in the province of Alberta. The company's reservoirs at lake Minnewanka and Upper Kananaskis lake, together with the storage at the Ghost, represent a reserve equivalent to 23,000,000 kilowatt hours. The company also operates as a stand-by plant a 14,000 horse-power steam station leased from the city of Calgary.

The company and its wholly owned subsidiary Prairie Power company, Limited, own and operate 2,542 miles of transmission lines supplying 210 communities which are served retail, and the 14 purchasers who resell to the individual consumers; 17,708 consumers are supplied retail with electricity and 1,014 with water. In addition, 49,439 customers are served with power generated by the company, and sold retail through others.

Prairie Power company purchases its power requirements from the cities of Regina and Weyburn, the National Light and Power company at Moose Jaw, the Dominion Electric company at Estevan and the Calgary Power company at the Alberta boundary west of Macklin. It sells power in bulk for transmission and local distribution to Canadian Utilities Company Limited for its system east of Regina, and to the Saskatchewan Power commission at four different points.

My main point is that during the war we should not give away these water powers, involving such large areas, without having any control. Let the government now take over this power company itself and its new 200,000 horse-power as a war measure. Make this a crown property, both as to power and as to nitrogen. Act now. The location of a nitrogen plant in the area was a mistake. Consideration should have been given to securing a more economical site, where commercial and domestic power might have been secured for this and many other war munition plants.

This bill should have been a private, not a public bill. It should have been placed before the committee on private bills or the water power committee. This is another sample of our luxurious war effort, and it is brought before us at the time of a victory loan campaign. Some of these companies in Montreal are interlocked with the great United States power trust. They have also obtained control of a system of newspapers on the north American continent. Certain newspapers who opposed them were forced to the wall, and we heard something about that in my newspaper bill to identify the owners in 1925 to 1930. Who has acted for the government in this stampede, and where are the reports of officials on all aspects of the matter?

What has happened in the Ottawa valley ought to be a warning as to what may happen in other places, including the prairies, if we part with these natural powers. They are gone forever. The government was badly advised when it located the nitrogen plant at the point indicated. It has been badly advised as to the power situation. This bill should not have been a government measure; it should not have been brought in under the War Measures Act, but as a private bill. Actually it is a private bill which enables these companies to make huge profits and sell power without regulation. If we agree to the passage of this bill we might as well abolish national parks, or any hope of a national policy, which, may I add, should have been in practice ten years ago.

I regret having to detain the house, but it is not my fault. I do not propose to remain in my seat and allow this bill to pass without making an effort to have proper regulation and control, and save these national resources for the people. It comes before us in the guise of a war measure, but it is not a war measure at all; it is a power bill. The plant which has been mentioned should have been located at some other place, and it could have been done at less cost to this luxurious war effort.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, the hon. member for Broadview (Mr. Church) pointed to the representation in the house while he was speaking. It was interesting that he should have done so, because when he spoke sixty per cent of the New Democracy members were in their seats, and the others were serving on committees. Approximately fifty per cent of the Cooperative Commonwealth Federation members were in their seats, and the others were on committees. Only eleven per cent of Liberals were in the house, and only about twenty-five per cent of Conservatives. It is obvious therefore that the representation was much greater in the New Democracy group than in any other. The Cooperative Commonwealth Federation were next in that regard.

I should like to say a few words about the principle of the bill. I shall not take much time in going into detail, because that can be done more advantageously when the bill is before the committee.

The minister spoke about the great emergency which exists. I am glad he is beginning to realize there is an emergency.

Mr. MacINNIS: Who told him?

Mr. JOHNSTON (Bow River): We have been in the war about two years, and the government is just beginning to realize there is an emergency. When we look at the results on the other side of the ocean we must decide that it is time the government realized it should be doing something.

He mentioned something about the scenic value of national parks. No doubt there is something in what he said. I believe there is good reason for guarding the scenic value of our parks, but when Canada is so greatly in need of electric power, in my opinion scenic value must have only secondary consideration. It is a subject which might well be handled after the war is over.

I find myself somewhat in agreement with the hon. member for Broadview when he states that the Calgary Power company has a monopoly of electrical power in Canada.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. C. E. JOHNSTON (Bow River): When the house rose at one o'clock I had made reference to the control which the Calgary Power company was getting over electrical power resources all over Canada, and I think the hon. member for Broadview (Mr. Church) was quite right in cautioning the house as to the dangers which might lie ahead. I have in mind the high rates for electrical power which are now being charged in the province of Alberta. In the city of Calgary, for instance, the consumer has to pay five cents per kilowatt hour. Out in the town in which I live we are paying eight cents per kilowatt hour, and in addition a seventy-cent meter charge. In the town in which I formerly lived the rate was ten cents per kilowatt hour and I believe still is, with an additional meter charge of $1.50. So that the hon. member for Broadview had reason to caution the house as to the control over the electric power generated in Canada which is being exercised by the Beauharnois company, of which company Calgary Power is a subsidiary. But I am not so much concerned about that just now, because if I understood the minister aright the province of Alberta will have control over the rates charged by Calgary Power through the public utilities commission.

What I am immediately concerned about now is making the power available because it is so urgently needed, and for that reason I am fully in accord with the step which the government has taken. I think that the Calgary Power company is to be commended for having decided to build this dam at lake Minnewanka, yet I feel it is going to be well-paid for it. The fact remains that despite the great need in Canada, especially western Canada, for electric power, this government has consistently and persistently refused to do anything to increase the number of hydro plants to generate electricity, and the only way in which Canada could get this plant built to supply power in this great war emergency was by letting a private company do the work. The government absolutely refused to do anything about the matter itself, and it is to be condemned, I think, for that attitude, particularly when the need for power is so great. We need electric power in Alberta for the ammonium plant and for the rolling mills at Calgary. Yet the government absolutely refuses to do anything on its own behalf, advancing as its only reason, of course, that it did not have any money. The Prime Minister (Mr. Mackenzie King) not so long ago said that anything that was physically possible would be made financially possible in order to win the war, yet despite that declaration, the Minister of Mines and Resources (Mr. Crerar) consistently took the stand that there was no money and that no matter how great the need might be, the government had no intention of financing the building of any dams. He brought that out clearly a while ago when he referred to the Spring lake project. He said there was a possible chance of developing a dam there, but the company had no money, and because of the lack of money we did not get the plant built and our war effort was hindered to that extent. That is the stand which the government has been taking right along.

I come back to the reasons why this dam at lake Minnewanka is being built. The government did not start this thing by itself at all, as the minister would lead us to believe. There were two reasons why this project at lake Minnewanka was started. One of them was the proper operation of the ammonium nitrate plant which was being built at Calgary. When that ammonium plant was being started there was no thought of building a dam at lake Minnewanka; in fact, after it had got started, the capacity of the plant was cut down by almost one-third, I believe, because of lack of power.

Mr. CRERAR: If my hon. friend will permit me, he is quite incorrect in his statement that when the decision was reached to have an ammonium nitrate plant at Calgary electric power considerations were not a factor.

Mr. JOHNSTON (Bow River): I did not say that electric power was not a factor but that there was no thought then of building a dam at lake Minnewanka.

Mr. CRERAR: My hon. friend is incorrect in that statement.

Mr. JOHNSTON (Bow River): When was it first thought of, then? When the Calgary rolling mills project came up, one of the main considerations was that there was not sufficient power to go ahead with the project. So that evidently plans could not have been properly laid by that time. I am not so sure that even yet the plant has been restored to its full capacity of 150 tons. I am open to correction on that, and I shall be glad if the minister will inform the house whether the plant is back to full capacity. I know its capacity was cut down, but it may have been restored.

One of the reasons why the Calgary rolling mills project was not proceeded with before was the shortage of power. A committee of all the Alberta members became interested in this project, and as a result the minister acted, and I think he did the proper thing when he decided to go ahead and build this project at lake Minnewanka. But the fact is that now the power is there. It is not even necessary to wait for it to be developed at lake Minnewanka. Because of the Calgary Power company's plant on Ghost river, they could use immediately the reservoir of water they have there to increase their supply of electric power, because, as I am informed upon good authority, they would have this fall, when they need it, the extra supply coming from lake Minnewanka. The unfortunate part of it is that now that we are in a position to have abundance of electrical energy there, the Calgary rolling mill is being taken out of that district and removed to Vancouver. That is a very serious mistake, not because the mill was originally in Calgary, but because, in view of the fact that we are at war, it should be opened in Calgary immediately. There is going to be considerable delay in transferring the mill from Calgary to Vancouver, not to speak of the cost entailed in the shipment of the equipment. If we need the steel, steps should be taken to start operations right where the plant is. If we do not need steel, that is a different matter, but the government has not intimated that there is any overabundance of steel.

Is there any reason why that electric power should not be used in the Calgary rolling mill immediately? I am informed that the present freight rates on scrap iron, whether moved east or west, are almost prohibitive—and freight rates are always going up instead of coming down. That should be a deciding factor in the production of this steel. Then comes the handling of this scrap iron. I am informed by reliable men in this business that a tremendous amount of work is required to prepare scrap iron for shipment either west or east of the prairie provinces. The obvious and most sensible thing at this time is to have scrap iron sent into Calgary, worked over there into steel plates or rods, and shipped, if necessary, to Vancouver. The rate would be less, and fewer cars would be required. I am informed that there are immediately available in Calgary over 200,000 tons of scrap. We could start producing steel at once in Calgary; we would not have to wait for the company to move its plant to Vancouver, which will entail three or four or five months' delay.

There remains the problem of labour. The minister may say that insufficiency of labour is one of the chief reasons why this plant should be moved from Calgary to the coast. But there are in the prairie provinces hundreds of physically fit men, unemployed, who could immediately be put to this work. He may say that they are not trained, but training is a matter of only a week or so; as a matter of fact, many of these men are skilled in industry and are wondering why, during war time, they cannot get jobs. Well they might ask that question, when we are supposed to be engaged in an all-out war effort—that term which is so much misused. There will come a time when these skilled men will drift to other places, and then the minister may have cause to complain that labour cannot be obtained. If we are serious in this matter, immediate action should be taken.

I have a letter from the Canadian Junk company, in which, referring to this very matter, they give three reasons, which seem to me sound, why this electric power should be used to open the Calgary rolling mill. They say:

Firstly, the expense of moving the mill would be avoided.

If I am not mistaken, the minister mentioned a while ago that there would be a certain amount of depreciation over a period of about two years, which this company would write off, relative to the cost of moving this equipment.

Secondly, there is the availability of cheap natural gas. Millions of dollars' worth of this gas is still being wasted, even with present regulations in Turner valley. Eastern steel mills obtain cheap fuel by using by-product coke oven gas. We are not aware that this method is possible at the coast.

Thirdly, scap steel can be landed at Calgary cheaper than at the coast. Fewer freight cars will be required,—

I think that is an essential point.

—as the finished product is less bulky than scrap steel, and there is a certain amount of shrinkage, due to manufacture.

The matter of shrinkage is important when one figures the excess freight rate which would have to be paid.

I cannot see any logical reason why the Calgary rolling mill should not be opened now and all the steel made which it is possible to make. That is one of the reasons why I believe it is high time that the project at lake Minnewanka should be developed and power produced as cheaply as possible. I hope the government will reconsider allowing the Dominion Bridge company to move these rolling mills from Calgary to Vancouver, because it will cause long and unnecessary delay in the manufacture of the steel which is now so greatly needed.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, I feel that I must rise to add some support to the case made so well this morning by the hon. member for Broadview (Mr. Church). In my opinion he made it very clear that this bill is quite unnecessary. The government, under the War Measures Act, has all the powers necessary to develop all the power potential at any place in Canada. I want to protest against the passing of special legislation which will give to the Calgary Power company the benefits which this legislation will, in my opinion, confer.

According to "Poor's Financial Records, 1940," this is a company which already has a very large control of power in western Canada. It was incorporated in 1909, under the laws of the Dominion of Canada. I quote:

> The company holds, in the province of Alberta, under licence from the government, all the water power of the Bow river at Horseshoe falls and Kananaskis falls, and the right to store water at lake Minnewanka, all for four periods of 21 years each, and all the water power at the Ghost-Radnor site, and the right to store water at Upper Kananaskis lake, both for a period of 50 years.
>
> The company has, since 1911, been engaged in the production and sale of electricity in the province of Alberta. Three-quarters of the electricity generated in the province is produced by the company's water power plants. Its 2,500-mile transmission system extends over a large part of the more thickly settled area of the province, serving a quarter of a million people. From a point 40 miles north of Edmonton, it extends southward to within a few miles of the international boundary, with a main lateral branch reaching east to the Saskatchewan boundary.
>
> In Alberta, serves 15,357 retail customers over its own distribution lines, and, in addition, supplies the entire power requirements of the municipal distribution systems of Calgary, Red Deer, Macleod, Cardston and Ponoka, and also most of the power used in a number of towns and villages on the system of Canadian Utilities Limited. Power is sold direct to the Exshaw plant of Canada Cement Company Limited, to coal mines and to a number of other industries. Company's lines also serve the Turner valley oil fields. An interchange agreement is in effect with East Kootenay Power Company Limited. During 1937, a new agreement was executed with the city of Calgary covering its power requirements for a further period of ten years from the expiration of the existing contract on July 31, 1940. The other wholesale agreements are for varying periods, and the distribution franchises are for the maximum periods allowed under the laws of the province.
>
> Company controls, through a wholly-owned sub., Prairie Power Company Limited, a modern system in Saskatchewan, comprising 180 miles of transmission lines, with distribution systems serving 2,810 retail customers. Power for operations of the systems of the Saskatchewan Power Commission and of Canadian Utilities Limited, is also transmitted over the lines of that company.

The explanatory note reads:

> To prevent delay in completing the power expansion works, tentative permission was given to the power company under the War Measures Act to commence construction pending and subject to approval by parliament and the Alberta legislature.

Mr. CRERAR: It is quite true that under the War Measures Act this work could be undertaken, but any authority under the War Measures Act lapses with the end of war and the conclusion of peace; consequently it is necessary to have authority by parliament to make it permanent and continuous.

Mr. NICHOLSON: That is the very point I am complaining about. This parliament under the stress of war, when everyone is anxious that war production should be carried on as efficiently as possible, should not hand over to the Calgary Power company for all time the privileges in question.

Mr. CRERAR: That is not what you were saying.

Mr. NICHOLSON: That is what I am protesting against. We can complete all the necessary power development at the present time and when the war is over make arrangements with the Calgary Power company for the disposition of this particular utility. I submit that the history of power companies in Canada is such that hon. members have reason to be suspicious of these corporations who come to parliament and ask for such consideration as the Calgary Power company is now seeking. As the hon. member for Broadview pointed out, one of the directors of the company, H. J. Symington, is one of the dollar-a-year men in Canada, as indicated in the latest list received from the Department of National War Services, and he is the power representative on the war-time industries control board. With one of the directors of this company occupying a key position on the war-time industries control board, it would be much better for this company to wait until the war is over before coming to parliament and asking that consideration, which might be all right in peace time, be extended

to the company to make available to them benefits which will undoubtedly accrue for all time.

In the Winnipeg *Free Press* of November 25 there was an article from which I quote:

The Calgary Power company has applied for the right to convert lake Minnewanka in Banff national park into a storage basin and to develop hydro electric power from it at a nearby point. The reason given for the application is that the company is being asked to supply power to a new war chemicals plant in southern Alberta and that the needs of this plant will impair the company's power reserve.

Hon. members are most anxious that Alberta should have chemical plants and rolling mills and that every able-bodied person in that province should be working during the war period; and if additional power is necessary it should by all means be granted under the War Measures Act. But the time of this parliament should not be occupied in dealing with legislation such as this bill in behalf of the Calgary Power company.

According to a brief presented by the Federation of Ontario Naturalists, in January, 1941, it is said that this is not the first time that the Calgary Power company has asked for consideration of this sort. I read:

Prior to 1923, the company, with powerful support from city councils and boards of trade in southern Alberta, put on a drive to convert lake Minnewanka into a storage basin. The water was to be fed into the Bow river and would pass through the company's power plants at Calgary. The application, pressed vigorously prior to 1923, failed to succeed for the reason that lake Minnewanka is one of the loveliest lakes in Banff national park and the government of the day refused to permit the beauty of the park to be defaced by concrete dams and muddy waterless shorelines. The baring of wide stretches of shoreline is inevitable in a power storage development; the very purpose of storage makes wide fluctuations in the water level essential.

I am not pressing the point put forward by the naturalists, who are concerned about the beauty spots in Banff national park. I agree with those who drafted the brief that the lake is one of the most beautiful anywhere in the Rocky mountains, or in the world for that matter; but in time of war those who prize these natural beauty spots must be prepared to see them sacrificed if power is necessary. Granting that, however, it does not follow that those who are interested financially in the Calgary Power company should take advantage of the present crisis to obtain in war time what they could not get in peace time. When the war is over, I repeat, when we finish with Hitler, it will be soon enough to determine the financial arrangements that will be necessary with the Calgary Power company as a result of the developments they will find essential to supply the power needed in our war industries. This brief states:

[Mr. Nicholson.]

The government, under the War Measures Act, could authorize the development at Minnewanka by order in council—setting aside the National Parks Act—but it is understood this would be unsatisfactory to the company. When the war ends, the War Measures Act no longer operates, and the National Parks Act will at once come into play. Any development carried out under the War Measures Act, therefore, would be without statutory sanction in peace time. The company, it is believed, insists that special statute be enacted permanently authorizing the lake Minnewanka development.

I add my protest as forcibly as I can to the one made by the hon. member for Broadview. Taking into consideration the importance of the many other items that should be considered, and in view of the fact that not one single horse-power more of electricity will be developed by the passing of this measure, I ask the minister to reconsider the bill and let it stand until the war has been won.

Mr. M. J. EDWARDS (Calgary West): I should be remiss in my duty to my constituency and to the country if I did not say something in connection with this bill, inasmuch as the power project under discussion is wholly within the constituency which I represent, Calgary West.

At the outset I may say that no one should be more concerned about exploring all the considerations which have agitated the minds of hon. members than myself as the representative of those people. Certainly no people in any part of Canada are or should be more zealous to preserve the beauties of our national parks, because they not only enjoy the beauties of this locality but gain their livelihood from the visitors who come from all parts of the world to see the beauty spots of our Rockies. Yet it is a surprising thing that without exception I have received no word of protest in regard to this proposal from any of the people of Calgary West, which embraces Banff, Lake Louise and West Calgary. As a matter of fact the Banff advisory council, under date of November 27 last, wrote me a letter which I should like to read, showing what these people have to say with regard to this matter. The letter is addressed to me, signed by Mr. R. E. W. Edwards, secretary of the Banff advisory council, who by the way is in no way related to me. It reads:

Dear Sir:—

I am enclosing herewith a copy of a telegram sent last night to the hon. the Minister of National Defence.

The feeling in Banff is that no considerations should be allowed to interfere with the production of invaluable war material in the present crisis, especially as this project will enable production to be carried on at a minimum cost.

Also the existence of a plant capable of supplying almost unlimited power at low cost will be undoubtedly a great factor in the establishment of many new industries in the province of Alberta on the conclusion of the war and will prove a tremendous asset to the wealth of the province.

The raising of the level of the lake will do away with certain unsightly features which at present exist in the neighbourhood of the lake and render it more attractive than ever to the travelling public, and, finally, this scheme will provide decent employment for a large number of men who otherwise will, with their dependents, suffer much hardship during the winter months owing to lack of suitable work.

For these and other reasons, equally potent, which will suggest themselves to you, the advisory council ask that you do everything in your power to aid in procuring authorization for the carrying out of the Calgary Power Company's project as there can be no doubt that, both now and in the years to come, it will prove of inestimable benefit to the national park and to Alberta as a whole.

I have received similar communications from the Banff board of trade, the Calgary board of trade and numerous other bodies. I can truthfully say that I have not received any letter of protest or opposition to this proposal from any resident of West Calgary.

Mr. ROSS (Calgary East): And none from East Calgary.

Mr. EDWARDS: And the hon. member for Calgary East says the same thing so far as his constituency is concerned.

I think if hon. members were familiar with the situs of this lake and what is involved there would be little if any discussion in regard to preserving its natural beauty. Having visited the scene, having known this lake for the last thirty years, and having seen the operations as they are now in progress, I too am of the opinion that rather than being a detriment to or detracting from the attractiveness of lake Minnewanka this operation will in fact make it more attractive and more beautiful. Hon. members when they think of a dam ordinarily think of a high wall of concrete. But the dam which is being built at the west end of this lake contains no concrete at all. It is built of earth and gravel.

Mr. MacNICOL: If I may interrupt, surely there will have to be concrete where the water flows over.

Mr. EDWARDS: There is a slight by-pass over which water runs down to the Cascade river, but the amount of concrete required will be very small. In this place the water does not go through the dam to a power-house below as in an ordinary power development. The power-house is off to the south, beyond the mountain. The water is led off from the side of the lake down a flume to the power-house to be constructed at Anthracite.

Mr. HARRIS (Danforth): If the hon. member will permit a question, why are our Canadians who are interested in the National Geographic society and other like organizations concerned with the preservation of the beauty of that area opposed to this bill?

Mr. EDWARDS: I have not received a communication from them.

Mr. HARRIS (Danforth): I have received four or five even from Ontario members of the association, who protest against the destruction of the beauty of this lake. I am not asserting that I have paid too much attention to that, but I ask the hon. member why they are opposing this development?

Mr. EDWARDS: I suggest that the hon. member direct that question to those who submit their protests to him. One of the things that bothers me is that protests come from people living thousands of miles away from this lake, people who perhaps have never seen it.

Mr. HARRIS (Danforth): Oh, yes; they have seen it, and they are Canadian citizens.

Mr. HANSON (York-Sunbury): This is a national park.

Mr. EDWARDS: They are thousands of miles away, nevertheless. Let us be fair about this. I have talked with a number of people who object on principle to impounding water anywhere or making any economic use of the gifts of the Almighty. But after all we live in an industrial and power age; society must go on. I have not had the privilege of travelling on the continent of Europe, but when one thinks of an industrialized country, Switzerland is immediately suggested. Switzerland is world famous for its mountain beauty and also for its industrial development. I am informed that all the lakes and rivers in Switzerland have their waters impounded for power development, and the success of Switzerland as an industrial nation is dependent upon its water power. If it is true, as I believe it to be, that the waters of lake Minnewanka, which ordinarily in the spring run down into Bow river and off to the sea in a headlong rush, serving no useful purpose so far as power is concerned, can be stored so that they run down during the season when power is most needed, then I think that should be done.

Hon. members might think of the proposal now before the house not as a power development *qua* the national park but as an impounding of water, because the power that

will be generated within the national park at Anthracite certainly would not begin to justify the capital expenditure entailed in the construction of this dam.

Mr. MacNICOL: How many thousand horse-power will be developed by diverting the Ghost river? The hon. member said a moment ago that it would not amount to anything. Does he know how much power will be generated at the first plant on the Cascade river? It is approximately 22,000 horse-power, is it not?

Mr. EDWARDS: The power will be relatively expensive, but there is 60,000,000 kilowatt hours to be obtained from it and from additional stored water under present plans.

Mr. MacNICOL: At $25 per horse-power, that means a large sum of money per year.

Mr. EDWARDS: The result of the construction of this dam will be to store water in lake Minnewanka where already, as the minister has pointed out, there is some storage of water. The dam will increase the amount of water stored there during the season when there is a heavy run-off, so that it may be used in the fall and winter when otherwise there would be a shortage of water for power purposes. It must be borne in mind that the water will be used at the Minnewanka plant; then it will go down the Bow river to the Kananaskis plant, where it will generate power; then it will go farther down the river to the Horseshoe plant, where it will generate more power, and then on down the river to the Ghost river plant, where it will generate still more power. In other words the waters stored by this dam will be used four times, and that is the fact that makes this a sound proposition. The last three plants named—the Ghost, Horseshoe and Kananaskis plants—are all outside the park area.

There is one other aspect of the matter to which I should like to refer. I became somewhat exercised when I learned that the government was considering the establishment of an ammonium nitrate or chemical plant in western Canada. I was told that the manufacture of ammonium nitrate under modern chemical practice required the compression of natural gas and air, and when I contemplate the millions of cubic feet of natural gas that have been going to waste in the Turner valley for at least twenty years, to my own knowledge, it seemed to me that there was only one logical and economical place where that plant should be erected, namely, at Calgary. But in addition to the gas, air and water, power is required. It is my understanding that the operation of this plant will require some 23,000 horse-power, and that power will have to be supplied continuously, night and day. There will not be high peaks and low ebbs as is ordinarily the case in commercial plants; there will be a steady drain on the power resources of that district, and the question was how that power should be obtained. There were other alternatives, to which reference has been made; there were the Kananaskis proposition and the Spray lakes development, which would have involved expenditures many times greater than those contemplated under this project, with the further objection that the power would not have been so readily available. It is contemplated that this plant, which is now almost completed, will be in operation this fall, that this plant at Minnewanka, operated by the Calgary Power company, will have power available for the operation of the plant at that time. Under this project power will be made available more cheaply than it could under any other scheme, and in addition no capital outlay is involved on the part of the Canadian people.

One other consideration which to me is cogent and convincing is that this project has the unanimous endorsation of the government of Alberta, who I am sure would be most jealous and zealous in protecting the rights of the people of that province. Certainly no one could accuse the government of Alberta of being unduly anxious to place themselves or the people of that province in the hands—or the maw, if you will—of the financial interests of St. James Street or anywhere else. Further, I am reliably informed that this company is in no way connected with or a subsidiary of the so-called Beauharnois Power Corporation. I am not concerned with that, however; I hope we may deal with this matter on its own merits. The province of Alberta, through its public utilities board, has absolute control over the rate structure of all public utilities in the province; and I am sure it will deal fairly but justly with the Calgary Power company should any attempt be made to take advantage of the people of Alberta in the matter of rates. I am not in the least agitated or exercised over the ability of the province of Alberta to look after itself so far as rates are concerned. Neither am I disturbed or alarmed as to the scenic beauties of lake Minnewanka. My personal opinion is that those scenic beauties will be enhanced, if anything, as a result of this improvement.

The other point about which I am concerned is the post-war value of this project, in common with that of all other war projects. This will entail no headache to the Canadian people; it is not an enterprise that will be pawned off

for its salvage value. I see in this a stepping stone to the development of another economic centre for the Dominion of Canada. The province of Alberta is singularly blessed with natural resources such as coal, gas, oil, timber and other gifts of the Almighty, which are there to be developed. But, as the hon. member for Bow River (Mr. Johnston) has pointed out, we the people of Alberta realize that the corner stone of economic and industrial development is power—an abundance of power. The Minister of Munitions and Supply has emphasized that point. Here is a possibility of making available surplus power for industrial development following the war.

For these reasons I know my constituents are whole-heartedly behind the bill before the house, and are anxious that it should be proceeded with.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, with a good deal of what the hon. member for Calgary West (Mr. Edwards) has said, I am in accord. All that part of his speech which has to do with the development of the natural resources of Alberta meets decidedly with my approval. But the organization of this particular project, from its financial side, is a matter to which hon. members sitting in this chamber should give careful thought and scrutiny. We should consider how it is made up. Or, to use the ordinary expression in the street, we should check and double check this particular legislation, then soak it in vinegar over night, and come back the next morning and read it over. That is with regard to the financial phase of the legislation.

A few moments ago interjections were made respecting the loss of scenic value. I was prompted to interrupt because of correspondence which had come to my desk from certain school teachers and others who were worried about losing the natural scenic or real tourist value of that area.

Mr. ROSS (Calgary East): The scenic value will not be impaired in the slightest.

Mr. HARRIS (Danforth): Let me be the first to wave those suggestions to one side, in the interests of Canada. When I think of Canada's interests in this connection I think of what was in the mind of the hon. member who said that Alberta was blessed with natural resources of a kind which perhaps are not found to the same degree in other parts of Canada. I am thinking now, while the war is on, of the ammonium salts of all kinds, of the nitrates and the ammonium nitrates which can be produced from the natural resources of Alberta, and which are so much required at this time of war. I would waive all other considerations if I were sure that this legislation would increase the production of those vital necessities of war. I refer of course to ammonium salts and nitrates. We need them. Whether they come from the coal of Alberta, or from the nitrates and ammoniates reclaimed from the gases which come from the oil wells of the Turner valley—no matter whence they come, we need them. We in this chamber should address ourselves more and more to the task of accumulating in order to supply to our forces the chemical necessities of war. If this legislation is purely a war measure, as was intimated some months ago when the matter was first placed before us, and which has been again emphasized—then, yes, by all means let us support this legislation.

At the same time many of us are supporters of public ownership, and we are a little sceptical of what an hon. member has described as St. James street, Montreal, and Bay street, Toronto. We are public ownership men, but even if we have to put to one side our public ownership ideas and let private ownership come forward, with all its enterprise, intuition and forcefulness to develop this power, in order that through that power there may be developed more and more war supplies, then by all means let us go ahead with this legislation, and let the hon. member from the constituency affected, together with his associates, attend to their task of developing this power. Let them see to it that the power, in turn, is used to produce more and more war supplies.

I did not very much like the interruption to the effect that some of us live a thousand miles away from the scene where this development is taking place.

An hon. MEMBER: The hon. member for Calgary West made that suggestion.

Mr. HARRIS (Danforth): It was suggested that that was one reason why we should not make interjections when a subject of this magnitude is under consideration. My answer is that we are Canadians, and as such we think of Canada from Halifax to Vancouver. And, in greater particularity, we are thinking of war conditions. Possibly we are not thinking just enough about the fact that the empire is at war. These picayune interruptions might very well be left to one side when we are discussing a problem of the magnitude of the one now under consideration.

So I say, Mr. Speaker, that if this project, whether operated under private or public ownership, is going to help in any way whatsoever in our war effort, by all means let us get on with it. Let us produce the power, so that that power may produce more nitrates

and ammoniates from the gases, coal and oils of the Turner valley. Let us produce from the coal of Alberta. Let us help out in this war effort in every possible way.

When the war is over the prairie provinces will need more ammoniates; they will need more nitrates after the last two decades of mining the prairie provinces. Because that observation comes from Ontario some of my western friends may not like it, but they know in their own hearts that crop after crop was taken off and no return was made to the soil. Protein crops have been harvested in western Canada. Here is a project which, if developed, will produce and return to the soil the protein value which has been taken from it in the last two or three decades. The Consolidated Mining and Smelting company spent a couple of million dollars at Trail, British Columbia, to recover the fertilizing value of the gases escaping from their stacks. They had in mind not only the fact that they were disposing of a nuisance to municipalities south of the boundary line and in Canada, but also the fact that those same gases had fertilizer value. The gases were therefore trapped and transmuted into salts which could be used as fertilizers. I do not know how many millions of dollars were spent, but the company did tackle the problem of saving the ammoniates and nitrates from the stacks of its gigantic plant at Trail. The scientific research carried on at the Trail plant has rendered a great service to Canada. It may be that the company was thinking ahead to the time when they might sell the fertilizing product to the western farmers.

The project we are considering to-day will twin up, as it were, with the development at Trail, and help to reestablish in western Canada lands which will again produce bushelage equal to that produced from those virgin soils twenty or thirty years ago. Let us keep in mind the fact that the Canadian people are public-ownership minded. We do not like to hear mention of St. James street, Montreal; we do not like to hear about Bay street, Toronto, because in this chamber for twenty years their tactics and ways of conducting business have been denounced. This is or seems to be a child of organizations of that kind. My hon. friend shakes his head. That makes me feel a little better about it, and if that should be the situation, I say to the hon. member for Calgary and those charged with the passage of this legislation, by all means let us give consideration to its passing. Let us have the power, let us have the nitrates, let us have the ammoniates and what-not. Let us one and all in this chamber address ourselves to the great task that is before us, namely, the winning of the war.

[Mr. J. H. Harris.]

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, the subject matter of this bill, I am sure, has been before the department for many months. It came to my knowledge at least six months ago, and as a result of the information which I had received I made some, shall I say, cursory investigations into the proposal. The minister has, I think, stated with a fair degree of accuracy and detail the proposal embodied in the bill. The only fault I have to find with him at the moment is that he did not have the bill considered at an earlier stage in the session. The bill was introduced in April, some two months ago, but long before that the arrangements which it is now proposed to validate were entered into. I think it is safe to say that if the war feature were not in this proposal the minister would have had the very greatest hesitation in bringing forward legislation of this kind.

Mr. CRERAR: I can say at once that it would not have been brought forward under those circumstances.

Mr. HANSON (York-Sunbury): I accept that statement without reserve. It is because of the war feature that I am disposed to give support to the measure. If it is represented to us in this house by those in a position of responsibility that this proposal, which is merely the extension of a principle which has already been adopted, namely, the harnessing of the powers of the Bow river, will in any measurable degree help win this war, I do not think we should hesitate very long about debating it. After all, let us be realistic; let us be honest with ourselves. We are always declaring that what matters most at the moment is the winning of the war. I myself have taken that attitude on many occasions. But I suggest to the minister that he should have brought this measure forward earlier in the session so that hon. members would have had more time to study it and know exactly its implications.

I think I should say a word about the sponsors of this power proposition. They are an old established power company in Canada, in the business for gain; there is no question about that. But they are engaged in a legitimate business, a business which has been recognized over a long period of years, and so far as I am aware—and I think I am aware of the facts—they are not in any way connected with the so-called Beauharnois interests—that is, Montreal Light, Heat and Power. It cannot be said, therefore, that they are in furtherance of a particular power monopoly in Canada. But even if they were connected with Montreal power interests I

do not think that would be a factor in influencing me at the moment in connection with this measure or in weighing, pro and con, the arguments in favour of or against it. Suffice it to say that these interests have been in the Bow river valley and in that district now for a period approaching forty years.

I am not aware whether the proposal for this development was made to the power company by the officers of the crown, the department of munitions, or whether the position was the reverse, and I do not think it matters very much. I have no manner of doubt that the Calgary Power company, taking the broad and long view of the situation, has wanted to get this storage over a long period of time. Perhaps it is true, as has been stated, that in 1923 offers were made by the company with a view to securing increased storage at this site, lake Minnewanka. That I do not think is a vital question at the moment. The vital thing is this: is the government in concurring in this proposal helping the war effort? In so doing is it injuring, first of all, the national park at Banff, and, secondly, is it violating any great principle? If the whole power proposition in that region were being approached for the first time, other considerations might prevail. The doctrine of public ownership might prevail, although I do not know whether it would or not. I cannot subscribe, with my colleague from Danforth (Mr. Harris), to the principle of public ownership. I am not a public ownership man. I want to preach the doctrine in this house, and I have preached it before, of private enterprise in ordinary times. I do not, therefore, base on either principle any remarks I may have to make in connection with this proposal.

If it is established to the satisfaction of the government and of the minister and of the department that this development is necessary in connection with the war, then, whatever hesitation I may have from any other point of view, I think I should support the measure. The difficulty is just this. The capital cost of the proposed development is so great that no company would be justified in asking its shareholders or its creditors—and it must get the money from either of these two sources—to put up the necessary capital for an enterprise that was intended purely for the duration of the war. I am satisfied that the Calgary Power company or any other business concern would never consider this development purely as a war project and a war project only, and for the duration only. It just would not be business. In that event what would the company do? It would come to the government and say: "We will develop this power, but at your capital cost". That has been done on many occasions in this war. The government has done it very extensively, and I have often wondered whether it was justified in going as far as it has gone. I have not been able to investigate the different avenues in which they have taken that course, but I do know that the capital commitments of the country in that respect have been very great. But I have no doubt that the Minister of Munitions and Supply and members of the government charged with the responsibility will justify every capital expenditure on the building of government-owned plants on the ground of necessity for war purposes, although they are plants which would not be established by any private enterprise during the war unless it were fully compensated or had guarantees of compensation to absorb capital loss if in the meantime money was not made out of the operation of the plant.

This company asks as a condition precedent that, in consideration of putting up the two million odd dollars in capital for development of proposed storage, it be given this right for a long period of time, you might say in effect in perpetuity. Of course that must have created for the minister and for the department a substantial difficulty. It raises a question in my own mind of balancing the good resulting from the franchise, in the expenditure of money for this purpose during the war, against what is practically an extension of their franchise in perpetuity. I am not in a position, with the limited information at my hand, to judge as to whether the decision which the minister and the government have reached is a correct decision or not. If a matter of this sort were coming up early in the session I would want to have a bill of this character referred to some select committee to investigate, where they could hear the evidence pro and con, pass a judgment, and make a considered report to the house. That is not possible to-day. I think the minister has delayed too long proceeding with this measure.

However, in the final analysis he has decided this question in the affirmative. For that decision the minister and the ministry must take responsibility; and I assume that, by putting their imprimatur on this bill and making it a government measure, they are prepared to do so; and, because it is their responsibility, I propose to leave it there.

I would not want the house to understand that there are no implications on the other side. It is too late to turn back on this thing, even if the house were so disposed, because months ago the government gave an

interim licence to this company, and I understand that the company have gone on with the work and expended already a very large sum of money on the basis of the undertaking given and of the order in council passed as long ago as December, 1940. I have no doubt that, through an informal undertaking made anterior to that, the company's work is near consummation; indeed it is stated some place, either in these papers or in the minister's statement, that the extra power which will be developed through this project will be available by September 1. If that is so it is all to the good as far as the war effort is concerned, because, make no mistake about it, the product of this plant in Calgary is needed, and will be needed more and more every day as the war progresses.

I am in no position to judge whether Calgary is the right place for the establishment of this plant. From what I have heard I should say it is admirably so adapted. If that is so, I am glad to see some government industrial establishment in the western provinces. It is something for which some of us from the smaller provinces have been contending in this house for months. We have argued that all this new war industry should not be located in central Canada, as has been far too much the case. Only six-tenths of one per cent of all the capital expenditures made by this government on war industry have been allocated to New Brunswick, that little province down by the sea, where, in the last war, we made literally hundreds of thousands of shells and other war material. That is one of the causes of complaint against the government. I know the excuse is that there is lack of power; I am not quite sure that the excuse is a good one. But that is merely in passing.

Another argument against this proposal, advanced in certain quarters, is that which, if my information be correct, prompted the permanent officials of the minister's department in their first opposition to this proposal—if they did oppose it—has to do with the question of the destruction of the scenic beauties. Notwithstanding anything that the hon. member for Calgary West (Mr. Edwards) may have said, you cannot, generally speaking, disturb nature without some destruction of natural beauty. It is a question, then, of balance: which is the better thing to do. If you decide to disturb nature you should, so far as is humanly possible within the limits of engineering skill, minimize the destruction of natural scenic beauty. I have had the benefit of reading the draft of the proposed lease, the "interim licence" it is called, and I want to say that whoever drafted this licence took the utmost care to minimize as far as possible the damage which will accrue to the scenic beauties of that wonderful lake which I have had the pleasure of seeing and which I hope to visit again before I die. I repeat that whoever drafted this licence took infinite pains to guard against that danger, so far as it can be guarded against by foresight, by experience and by vision. I am inclined to think that there will be very little destruction of scenic beauty, and therefore I do not believe any great body of opposition should on that ground be directed against this proposal.

I should like to point out the full extent of the rights to be conferred under the proposals now before the house. At the risk of detaining the house a few minutes I will place them on record as they appear in the form of the draft agreement between this government and the government of Alberta. The provincial government has to consent in a certain degree and with respect to certain factors before this project may become operative:

(a) The right to raise lake Minnewanka to a full supply level of elevation 4,840 feet above mean sea level (geodetic datum) or such lesser elevation as may subsequently be determined by the Minister of Mines and Resources as being the economic maximum with the right to store water up to said elevation and use 200,000 acre-feet of the storage so created or such lesser amount as may subsequently be determined by the said minister—

That is, the Minister of Mines and Resources.

—as being the economic maximum by the construction of a dam across the Cascade River valley at or near the outlet of the said lake;

(b) The right to divert, take and use the water so stored for power purposes by diverting the same through a canal and conduit down a lateral valley to a power station to be constructed on the Cascade River flat at or near Anthracite, and at that point to return the water by suitable works to the Cascade river:

(c) The right to convey the waters of the Ghost river into lake Minnewanka—

I assume that this is part of the scheme with which the province of Alberta is concerned:

—through a canal extending from the park boundary to lake Minnewanka;

(d) The right to construct transmisison lines with the necessary rights-of-way connecting the proposed power station with the existing transmission system of the company outside the park and the system now supplying Banff;

(e) The right to sell electric power to residents in Banff townsite and vicinity;

(f) And generally the right to perform such acts in connection with said storage and power development scheme as may be approved from time to time by the Minister of Mines and Resources.

Be it borne in mind that this right is not for the duration of the war, or for to-day or to-morrow. When it is granted, when this

legislation is passed, it is to be practically in perpetuity. All right. The thing is accepted; and because it is an accomplished fact, because it is represented as being necessary in connection with the war, we should be careful about the degree of our opposition to it. I am inclined to agree with the minister that if it were not for the war aspect we ought to oppose it; yet I can see another point of view with respect to the industrial development of that part of the province of Alberta.

War or no war, Alberta has the right, having regard to its great store of natural resources, to look forward to the day when it will be industrialized. What has been the whole effort of this country ever since I was a boy? It has been as far as possible to have an industrial life in Canada. I know there are people in this country who do not agree with that point of view. I have heard the minister himself in days gone by, right from these seats, declare that this country should encourage only those industries which are indigenous to the land. Well, we have gone a long way beyond that. If the people of Calgary have at their door great potential water powers, even though they form part of the national park, even though in the natural state they constitute a great beauty, I am afraid that if I were a citizen of Calgary I would be all for the development of the natural power, whether by St. James street or by the government of Alberta. What we want is progress. Are we to be hewers of wood and drawers of water all our lives? Are the people of Alberta to be confined to the growing of wheat all their lives? Present day indications suggest that they had better try to change their whole economy. If this will have the effect of changing the economy of that part of Alberta, then I think we are justified in voting for this measure, even though we may be violating some other tenets which we hold with regard to national parks. I will vote for the measure, but I must say that I do so after a great deal of hesitation and some study of the whole situation.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Since it is impossible to take advantage of the Prairie Farm Rehabilitation Act to develop the water power described in the schedule to Bill No. 60, an act to amend the Alberta Natural Resources Act, I do not share the views of the leader of the opposition (Mr. Hanson). I do not say this because he has expressed them; I have other reasons. Of course everything we do, we are told, has something to do with the war. If a member blows his nose in this house we are to believe it has something to do with the war. We cannot move a step without having this said. I am opposed to this legislation and perhaps the house will sit ten days longer because of contentious bills that are brought in at the last minute. This is not the way to set an example to the provincial legislatures with regard to the passing of legislation.

It will be said, in reply, that it is the will of the province of Alberta, and that is all right. But there is something deeper than that. There was drum-beating when the natural resources were transferred to the prairie provinces eleven years ago, but it was a mistake, and the mistake was made before that. The mistake was in the creation of the western provinces. It was a great mistake. They should have remained northwest territories and everyone would have been better off. But as matters stand, the three prairie provinces having been created thirty-seven years ago, the natural resources have been handed over to them, depriving the dominion government of all guarantees it had for the loans made to the provinces. An agreement was signed between the dominion government and the government of Alberta and therefore it is pretty hard now to oppose this legislation successfully. I suggest, however, that legislation should be considered objectively, and with regard to every piece of legislation brought forward every member should ask himself this question: Is it good or bad legislation? Every member should ask himself that question without considering whether it pleases Mr. So-and-So or the Hon. Mr. So-and-So, or the Hon. the Premier of Such and Such a province, et cetera, et cetera.

Here we are in the presence of an accomplished fact, namely, that the government will disburse $240,000 on this project. Have we the means to do it? The answer is no, and we cannot decently ask the taxpayers of Canada to pay taxes for such schemes. It is all right for a man who has money in the bank to dispose of it as he pleases, but no government has the right to deprive the taxpayers of Canada of their money in order to encourage schemes like this to favour millionaires such as those in that company. It is bad legislation. No one can argue to my satisfaction that it is good legislation. How is it that the unemployed in my county cannot receive a cent from this government? It has been cut. Yet there are millionaires who own a big power corporation at Calgary and who can get $240,000. And we say it is a war measure. That is a great excuse; it is the general excuse.

The leader of the opposition (Mr. Hanson) laughs. Well, he is a laughing example of self-contradiction. Every time he rises he says, "I am against this or that," and then, "I am all for it." He has only to scratch the

inside of his hand with one or two fingers and he is all for it. I should like him to be more serious, and instead of being so contradictory he should have the wisdom to remain silent and not say black and then say white, and not say white and then say black.

I regret that at this time of the session, the closing days of the session, legislation such as this should be brought forward. It will have a bad effect. If Liberal members had been asked beforehand about it they would have been wiser than the government of Alberta and would have said, "No, we cannot do it." I wonder if it is not a reminder of the last provincial election in Alberta, and if there was not an agreement between the government and the Calgary Power company at that time. And is it not on account of that promise that the provincial government was bound to sign "yes" to the exorbitant request of the power company? One has only to open his eyes to see and to look and read between the lines. It is easy to understand. It is no secret; it is on paper, and it is not only on paper but on official paper, on the official record. Are we to spend money now to refund to the Calgary Power company any election subscriptions made to the government of Alberta? That is the question.

Hon. T. A. CRERAR (Minister of Mines and Resources): I shall detain the house only a very few minutes. The suggestion or claim has been made in the course of the debate that this is not a war measure, that there is something almost sinister behind the business of granting to the Calgary Power company the right to store water in lake Minnewanka. Let me make it unequivocally clear that this is a war measure. If I had not been convinced that it is necessary to provide continuous power for the development of an ammonium nitrate industry very much needed for the production of munitions, I would not have made the recommendation to my colleagues that this measure be proceeded with. And I am quite sure that the government would not have approved the measure. Let there be no misunderstanding about that.

The hon. member for Bow River (Mr. Johnston) seemed to argue on both sides of the question. I rather gathered from the remarks of the hon. member for Mackenzie (Mr. Nicholson) that he was in a somewhat similar position. The hon. member for Bow River stated that the Calgary Power company was a subsidiary of the Beauharnois company. It is not my business here to deal with either the virtues or the iniquities of power companies, but I can assure the hon. member for Bow River that there is no connection whatever between the Calgary Power company and the Beauharnois company. As a matter of fact in their own fields in other parts of Canada I understand that there is a good deal of rivalry between them.

The hon. member for Mackenzie also made the suggestion that we should let the matter stand, that we should not proceed with this measure until the war is over. That as a practical matter is quite impossible. The outlay by the company for these works will be almost $2,400,000. Even in these days that is a considerable sum of money, and if a company asked the public or its shareholders to supply this amount of money for a development of this kind on the assumption that after the war they would get some authority to continue it, it would be impossible for them to get the money. There can be no question about that in the mind of any reasonable person who is aware of the facts. The matter is one of war emergency, and I repeat, that is the only reason it is before the house.

The hon. member for Témiscouata (Mr. Pouliot) is I think under a misapprehension, if I understood his remarks correctly. There is no proposal in this measure to pay $240,000 to the Calgary Power company or anyone associated with it. The government sells its present power plant and distribution system in the town of Banff to the Calgary Power company. That distribution system and the power plant cost $240,000, and we get from the Calgary Power company the depreciated value of the plant. The basis of arriving at the amount of depreciation has to be agreed upon between the government and the company. In addition the company pays to the government $100,000 over and above what it pays for the depreciated value of the plant, and on top of that, as I have stated, the government is assured of 500,000 kilowatt hours of electrical energy free of cost, its additional requirements at half a cent a kilowatt hour, and the citizens of Banff are assured of their light and power requirements at rates no greater than they are paying at the present time and under conditions subject to review by the public utilities board of Alberta when they wish to have them reviewed. In that respect I think we have effectively protected the people of the town of Banff.

Mr. HANSON (York-Sunbury): In addition there is an annual rental.

Mr. CRERAR: Yes. There is only one other matter with which I wish to deal. It is the criticism of the leader of the opposition that this bill should have been introduced earlier, or more time afforded for its consideration. Before the bill was introduced an agreement had to be reached with the prov-

ince of Alberta, because under the terms of the transfer agreement under which the resources went to the province that was necessary. There were some delays in getting to the point where we were in agreement, and that agreement, as my hon. friend will know, was not signed until March 28, 1941. It will be recalled that parliament adjourned a few days after that for a long Easter recess. The bill was introduced before the adjournment, but there was not an opportunity then to proceed with it. Following the adjournment we got into the budget debate and a protracted consideration of the budget resolutions. I tell the house quite frankly that I had hoped to have the measure before the house weeks ago, but I did not have an opportunity to do so until yesterday, and then I made way for my colleague the Minister of Agriculture. Therefore we reached the measure to-day.

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

On section 1—Short title.

Mr. HANSON (York-Sunbury): How far has the development of the storage proceeded, and when will it be available? Will the nitrogen plant be ready for operation by September 1?

Mr. CRERAR: I cannot at the moment say what progress has been made on the nitrogen plant. I think work was started on it immediately the decision was rendered in this matter.

So far as the storage works at the lake are concerned, that work has been going on for several months. I understand that the clearing has been nearly all done on the shores and a substantial start made on the dam. I have received information to-day that the level of the lake has already been raised, as at May 24 last, four feet above the maximum level under the agreement of 1912.

Mr. HANSON (York-Sunbury): It must have been more than six months ago that the decision to erect the plant was made; it says so in the explanatory note. The company made the application in November, 1940, following the decision to erect a plant.

Mr. EDWARDS: I happened to be in Calgary at Easter, and I know that according to present plans and expectations, not only will the ammonium nitrate plant be operating in September or October, but the power company expect to be able to deliver power in November at the latest, and everything is working according to schedule.

Mr. STIRLING: What type of construction will be followed in building the dam?

Mr. CRERAR: It will be an earthen dam.

Mr. STIRLING: No core?

Mr. CRERAR: I am not familiar with the manner in which earthen dams are constructed. As a matter of fact, I had some doubt about that point and consulted Doctor Hogg who, as I stated in my remarks this morning, has been retained at the expense of the company to advise the department. He tells me that an earthen dam is quite practicable and, indeed, is becoming one of the ordinarily accepted methods of creating these reservoirs.

Mr. HANSON (York-Sunbury): Would there be any danger to the life and property of the population if the dam should go out? I do not know the location of it.

Mr. CRERAR: That was the very point I raised with Doctor Hogg, and he assured me that the plan under which the dam would be built would effectively safeguard it against any such contingency.

Mr. MacNICOL: Every dam has a core. The dams built by the hydro do not have concrete cores; they use either stone or an impervious kind of clay as a base. If a dam is properly constructed, the fact that it is made of earth does not make it any weaker. Many large dams in Ohio, some of which are a mile wide, are made in the same way. Part of the dam, however, must be of concrete in order to take care of the overflow. When the hon. member for Calgary West was speaking, it came out that there would be a concrete portion of the dam of sufficient width to permit the natural overflow to pass through when the water might not be required.

Section agreed to.

On section 2—Agreement confirmed.

Mr. COLDWELL: I should like to preface my remarks by saying that this morning I understand the hon. member for Bow River offered some criticism because many hon. members were absent from the house when this matter was under discussion. I think the hon. gentleman failed to realize that many hon. members are on committees which have been sitting almost continuously while the house has been sitting. Since his criticism was put on record, perhaps this statement might also be noted.

I have read the agreement, and it seems to give a great deal of power to the Calgary Power company in connection with the water in that part of the Rocky mountains, not only in the lake itself but in areas adjacent to the lake. The company is given the right to raise the level of lake Minnewanka; "the right to divert, take and use the water so

stored for the power purposes by diverting the same through a canal and conduit," and so forth; "the right to convey the waters of the Ghost river into lake Minnewanka"; "the right to construct transmission lines," and then the company is given a power franchise. I do not know whether this provision is new, but the company is given "the right to sell electric power to residents in Banff townsite and vicinity, and generally the right to perform such acts in connection with said storage and power development as may be approved from time to time by the Minister of Mines and Resources." These are wide powers, and I am wondering whether the diversion of these waters and the construction of these conduits will interfere with the natural beauty of this lake and of the national park. After all, this is a national asset which was deliberately kept for the nation when the natural resources agreement was concluded between the dominion government and the province of Alberta. I know very little about the Calgary Power company except that from time to time in past years it has been the subject of some public criticism on account of its rates and the wide powers that it enjoys. I also recollect that in 1929 or 1930—I have forgotten the year—when in the city of Regina we were considering a franchise for gas, the Nesbitt Thomson company, which I believe is the organization largely interested in the Calgary Power company—

Mr. HANSON (York-Sunbury): The hon. member is quite wrong about that.

Mr. COLDWELL: If I am wrong I should be glad to be corrected, but that was my recollection, and I am not so sure that it was wrong. I know the Calgary Power company has affiliations with other power organizations across this dominion.

Mr. HANSON (York-Sunbury): This is a Royal Securities promotion.

Mr. COLDWELL: Then I am glad to be corrected to that extent; I was relying on my memory. In any event, before an agreement of this sort is approved by this House of Commons, every alternative suggestion should be canvassed. I am a bit surprised that in Alberta, where they have a government which likes to make people believe it is progressive, they are still allowing the alienation of public resources and encouraging the dominion government further to alienate power resources; for, after all, water power is one of the most important assets we have in this country. I am never in favour of alienating those resources, even during war time. As the leader of the opposition pointed out during the course of his remarks, we are undertaking the construction of government-owned plants of various types, and it seems to me that if we need to produce war material and must expand our power resources in order to do so, the better policy would be for the governments concerned to expropriate some of these private organizations and restore the resources concerned to the general public of the country.

Because I hold that point of view I do not like an agreement of this kind. In any event, I do not like an agreement which gives the wide powers it contains. It seems to me that they are wider than necessary to do the thing the bill purports to desire to do. Therefore I take this opportunity of criticizing this agreement, and I would ask the minister if he can throw any light upon the several points I have tried to make, particularly with regard to any interference with the beauty of this lovely national park, and the alienation of an additional resource by the diversion of more water.

Mr. CRERAR: The extent to which the natural beauty of the area surrounding the lake, and of the lake itself, will be lessened by these works is a matter concerning which there is some difference of opinion. All I can say to the hon. member for Rosetown-Biggar is that we have taken every possible precaution to ensure that the scenic beauty will be disturbed as little as possible.

My hon. friend, the member for Calgary West, thinks that on the whole the beauty of the area may be enhanced by these works. There are those in the town of Banff who are familiar with the whole matter, and who hold the same view. I pass no opinion on the subject. After all, I suppose one's judgment respecting the beauty of surroundings of that kind depends to some extent upon his aesthetic tastes, or his sense of beauty. In any event, I can assure the hon. member for Rosetown-Biggar that every possible precaution is being taken to detract as little as possible from the natural beauty of the lake.

He seems to argue that in the agreement we are giving wide powers to the company. Possibly the hon. member has not read the agreement very closely. For instance, in paragraph (a) to which he referred, all we do is to give the right to raise the lake level above the point to which permission was given in the agreement of 1912. We permit the company to store up to but not exceeding 200,000 acre-feet of water.

Quite obviously, if a storage reservoir were to be created by the company under these conditions, it was necessary to give it power to create the conditions which would make

such storage effective. Paragraph (b) confers the right to divert, take and use the water so stored for the purpose of developing this power at or near Anthracite. That is, in the first place we give the power to store the water, and in the second place we give power to divert from storage to the power plant. I do not think there is anything extraordinary about that.

Then under paragraph (c) there is the right to convey the waters of the Ghost river into lake Minnewanka through a canal extending from the park boundary to lake Minnewanka. The diversion of the water of the Ghost river is wholly a matter for the Alberta government. If that government says, "No, we will not permit diversion of water from the Ghost river," then of course the water from the Ghost river does not go into Minnewanka. It was necessary for us to give the company power to take water into the park from outside, into lake Minnewanka within the park. In doing so, it has to build a canal in order that the water may come from the Ghost river into lake Minnewanka for storage purposes. Again I submit there is nothing extraordinary in that paragraph.

Paragraph (d) conveys the right to construct transmission lines, with the necessary rights-of-way connecting the proposed power station with the existing transmission system. Quite obviously, if the company were going to develop power, it would require transmission lines to convey that power from the point of development to the point of use.

Mr. COLDWELL: Could those lines not be placed underground?

Mr. CRERAR: That has not been customary in Canada, except in large cities. I understand that the transmission lines will be placed back from the road, where they will be scarcely visible from the travelled highway. Again there is nothing extraordinary in the paragraph.

Mr. HANSON (York-Sunbury): One follows from the other.

Mr. CRERAR: Paragraph (e) confers the right to sell electric power to residents in Banff townsite and vicinity. Arrangements were made, as I have already said to-day—

Mr. COLDWELL: I was not here.

Mr. CRERAR: —which protect the residents of Banff in respect of the price they have to pay for power and energy, and under conditions which we believe very fairly reimburse the government for the outlay it had made in the past. We are then relieved of the task of collecting meter rentals from the residents of Banff. In all matters where government operations of utilities of this kind are concerned, one runs into difficulties of that kind. Conditions arise where people cannot pay their power bills, and I have known instances where the good offices of the local member were invoked in an effort to obtain relief.

Mr. COLDWELL: That is a wrong principle.

Mr. CRERAR: We relieve ourselves of all that. At the same time we protect fully the residents of Banff with regard to charges which may be made for light and energy used. That, again, I submit, is an ordinary provision.

Paragraph (f) is general in scope. There may be other operations the power company would have to carry out. It is given power to perform such acts in connection with said storage and power development scheme as may be approved from time to time by the Minister of Mines and Resources. In other words, the company is not given carte blanche to go ahead and do as it wishes. Every proposal it makes in that connection must have the approval of that member of the government who for the time being happens to be Minister of Mines and Resources.

Mr. MacNICOL: The company's plans will have to be accepted by the government's engineers.

Mr. CRERAR: I believe on reflection the hon. member for Rosetown-Biggar will agree that the powers given here are not as unusual or extraordinary as he indicated in his remarks a few minutes ago.

Mr. COLDWELL: The purpose of my remarks was, very largely, to bring out some of the points the minister has now made. He has cleared up several of them. At the same time I still believe the powers given are wide, although many of the explanations given by the minister have cleared up doubts which formerly existed. I hope that in another year committees will not be sitting coincidentally with the house, and that we shall not be placed in a position where we have to come into the house and ask questions which have already been answered. I understand that many of these questions were answered to-day.

Mr. MacNICOL: Does the agreement hold any reference to what Alberta will receive for the water from the Ghost river?

Mr. CRERAR: No.

Mr. MacNICOL: Or is the water given by Alberta without charge, or without any consideration?

Mr. CRERAR: I cannot say as to that. That was not a matter with which this government had to deal. I presume the Alberta government has made what it considers a fair and equitable arrangement for the use of the water.

Mr. MacNICOL: As I said before, I am not opposed to the bill, but I believe certain facts should be recorded so that the public will know what is being given away. I calculated this morning that the Ghost river would have a flow of about 600 c.f.s., but at the noon recess someone better qualified than I am to make the computation told me that the flow is 750 c.f.s. That is a substantial volume.

Mr. EDWARDS: At what point?

Mr. MacNICOL: If the hon. member knows, it is all right to interrupt; but if he does not know, I do not wish to have interruptions.

Mr. EDWARDS: I am asking only for information. At what point in the river is the computation made?

Mr. MacNICOL: At the point of diversion. My estimation was made on the assumption that the lake, being about twelve miles long and about three-quarters of a mile wide, would have an area of about nine to ten square miles. Upon looking at the map, I would judge that the Ghost river watershed covers about 100 square miles. I am told that it is a little more than that. It is well known that the water yield from the lake Superior watershed is ·94 c.f.s. per square mile; Lake Huron, ·82 c.f.s.; Grand River at Galt, has an average flow of ·4 c.f.s. per square mile of watershed; and therefore I estimated this morning that 600 c.f.s might be the flow from the Ghost river, but someone better informed than I am told me that the actual flow is 750 c.f.s. I am informed that the head of water from Minnewanka to the power house on the Cascade is 320 feet. Now 750 cubic feet a second flow, with a head of 320 feet, means about what the bill says, a minimum of 20,000 horsepower. That is a substantial gift to somebody. At $25 per horse-power it would be $500,000 a year.

We learned this morning that after the water passed through the new power-house into the Cascade river and from there into the Bow river and on down the Bow river, it passes through three more power-houses. I should like to know the head at each one of these power-houses so that I can estimate the increased amount of power at each power-house and see just what the total value of this gift will be. If it means a gift of $500,000 a year at the new power-house, where the water pours into the Cascade, what would it mean at the three other power-houses? We have not been informed as to the head of water at any of these three power-houses. If there should be another $500,000 a year at these, it would mean a gift of $1,000,000 a year.

I am not opposed to this project as a war measure. I endorse all that has been said as to the necessity for Alberta having industries because that is important. But I have been opposed from the beginning to legislation of this kind being brought into parliament at the last minute and the argument being used to get the legislation passed that it is necessary for war purposes. I am bitterly opposed to that procedure. The same kind of thing was done in 1918 in connection with the Massena diversion. If the minister is perfectly satisfied, as he seems to be, that this project is necessary on account of the war, I shall not oppose it. I wish to say that I have every confidence in the minister. I listened to him carefully this morning, and I accepted his statement that he personally would not for one minute tolerate any such agreement as this at any other time than the present, but that it was necessary for it to go through as a part of our war effort. It must go through in that event; indeed, I believe construction is almost completed, and consequently all that we are now saying here can be of little benefit so far as this project is concerned. I hope, however, that what has been said here to-day will be a safeguard for the future and that if and when any other raid is made on the natural resources of this country, there will be a full and open inquiry publicly made, and that the parliament of Canada will be perfectly free to discuss it before any conclusion is reached. I realize that the minister's hands were tied in this case because, before the matter came to him, the Alberta government had already passed it and thrown it on his doorstep.

Mr. CRERAR: No; that is not correct.

Mr. MacNICOL: In any event, the Alberta government had endorsed the project. I was trying to get the minister out of a hole, and he would not let me do it. The Alberta government had, however, endorsed the project, and to a certain extent the minister's hands were then tied.

Mr. ROSS (Calgary East): The location of the dam in question is not one of the beauty spots of the national park. It is by no means a spot of beauty. I wish to compliment the minister upon the precautions he has taken to improve the appearance of the park at this point. When this work is completed it will, in my opinion, be a much more beautiful spot than it is at present.

Like the hon. member for Davenport and the leader of the Cooperative Commonwealth Federation group in this house, I am strongly in favour of public ownership of public utilities. All public utilities should under normal conditions be owned and controlled by the government. At the present time, however, this ammonium plant is needed for war purposes; it is essential for war purposes, and the power does not exist for the development of the project. It could be developed, true enough, from Spray river, or the power could be developed from coal. But either of these ways would occasion a delay of almost a year or more, and we cannot afford to delay at this time. We are in a war, and that work must be proceeded with quickly. For that reason it should be done by a private concern. We cannot wait to expropriate plants which are already carrying on and run them as a government-owned project.

Mr. MacNICOL: Are there, or are there likely to be, any bridges erected over the canal from the Ghost river to Minnewanka lake? If any bridges are likely to be built, who is to erect them even if it should be at some considerable time in the future?

Mr. CRERAR: I do not anticipate that there will be any bridges erected in that section of the park to which my hon. friend refers, but if any bridge should be erected as a result of the development, it would be erected under the direction of the park authority in the area within the park.

Mr. MacNICOL: Yet, if these bridges were constructed, they would be running over a canal that is dug through the park?

Mr. CRERAR: There would be no difficulty about that.

Mr. MacNICOL: Why should the public pay for them? They are not required now.

Mr. CRERAR: I do not conceive that they will be built. It is a part of the park that can be reached by a boat on the lake, but the approach to it is wholly impassable for motor traffic unless a road is tunneled out of the side of the mountain.

Mr. MacNICOL: Inasmuch as the diversion naturally destroys the river for power purposes to a point on the Ghost river where it joins with the Bow, are there any existing rights that someone will have to pay for on the Ghost river?

Mr. CRERAR: I could not say as to that, but as I have stated on two or three occasions, that is outside the park boundary.

Mr. MacNICOL: And therefore Alberta would take care of it?

Mr. CRERAR: That is wholly within the control of the province of Alberta.

Section agreed to.

Section 3 agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

PRAIRIE FARM REHABILITATION

AUTHORITY TO UNDERTAKE PROJECTS INVOLVING ANNUAL EXPENDITURE OF LESS THAN $5,000

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 92, to amend the Prairie Farm Rehabilitation Act.

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

On section 1—Minister may undertake projects and schemes and enter into agreements.

Mr. GARDINER: I wish to propose an amendment to section 1, relative to section 10 (a).

Mr. MULOCK: I move:

That section one be amended by adding after the word "scheme" in the third line of section 10 (a) the words "under and by virtue of this act."

Mr. PERLEY: Would the minister explain?

Mr. GARDINER: That covers the point discussed yesterday by the hon. member for Lake Centre (Mr. Diefenbaker). It was suggested that the minister was not obligated to keep within the terms of the act in relation to the vote of $2,500,000 for this year or whatever the amount may be for any other year; and this simply states:

(a) subject to section four of this act, undertake the development, construction, promotion, operation and maintenance of any project or scheme under and by virtue of this act.

Mr. PERLEY: Is it under this measure that the minister proposes to carry on the operations with reference to summer-fallow? Or is it under the Prairie Farm Assistance Act?

Mr. GARDINER: It is under the Prairie Farm Assistance Act.

Mr. PERLEY: I do not think that there is very much more to be said with reference to this bill. We went into it pretty fully yesterday. The minister might give the committee some information with reference to the number of outstanding contracts at the present time, not completed before operations were

started under this act. Are there any outstanding projects for contracts for delivery of materials or anything of that kind?

Mr. GARDINER: Everything for which the department was obligated down to the end of the financial year, that is March 31, has been paid. It seems to me that matters of this kind might be discussed much better under the estimates for the Prairie Farm Rehabilitation Act, which will probably be under discussion this evening. At that time I can have all the information here with regard to that matter.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

22. Marketing service. Marketing service administration, $95,252.

Mr. MARTIN: We have heard in the house during this session, from those who represent agricultural communities or communities which are composed of industrial and agricultural sections, a great deal about wheat, coarse grains and the like. While at this late date one is possibly open to censure for discussing a matter which has not already been discussed, let alone questions which have been, I propose to speak on a matter which is of concern not only to my own constituency but to the whole area known as the southwestern Ontario peninsula, and better known, having in mind the matter which I wish to discuss, as the corn belt of Canada.

The counties vitally interested in this matter in southwestern Ontario are those of Essex—my own county—Kent, Lambton, Elgin and West Middlesex. Eighty-five per cent of the corn production of Canada is in that area, and the counties of Essex and Kent are responsible for 65 per cent of the total corn production of this country. It is, of course, grown as a cash crop and is a vital factor in the income of the agricultural community in that area.

The recent agricultural policy of the government has affected that group and the ensuing farmers' income considerably. I do not propose to attack that policy but simply to indicate the effect which it has had upon this section of the agricultural community and to urge that a proposal which I brought before the house two or three sessions ago should be considered more fully and completely than it has been.

There is a similarity between agriculture as it is carried on in western Canada and in these counties, in contrast with the rest of Ontario, when one considers that the cash crops of these two latter find markets in central and eastern Ontario and not solely within the section where the corn crop itself is grown. The difference between agriculture in the counties in southwestern Ontario that I have mentioned and the rest of Ontario is illustrated by an analysis of the statistics of western feed grain shipped into Ontario recently from Fort William and Port Arthur under a freight subsidy plan jointly engaged in by the provincial and the federal governments. Under this plan, 1,900 carloads of feed grain were shipped into Ontario. The freight subsidy amounted to $338,000. Not a single car of this grain came into my own county of Essex or into the county of Lambton. Kent had four cars, and the county of Elgin, two. Therefore only six cars out of 1,900 under this scheme were shipped into the corn-belt area, and the reason is that we are a surplus grain area in contrast with the rest of Ontario. The fact is, however, that the $330,000 paid by both governments, provincial and federal, was of no direct monetary value to the farmers in this area. Moreover, the corn growers, being in possession of several million bushels of corn had to compete with western grains, and consequently their product was made cheaper on account of the favourable position in which western coarse grains found themselves as a result of the subsidy plan. This had a great effect on the price of corn.

On December 16, 1940, the Minister of Agriculture announced that the government was considering a subsidy plan. Immediately the price of corn was depressed. The minister will recall that I then pointed out to him by telegram and in person the difficulty that would arise from a scheme which, although it is true it had been asked for by the province of Ontario, had not been considered in its full aspects and was bound to be disturbing to the farmers in the whole area of southwestern Ontario. The policy became effective in February, 1941, and the price of corn had fallen to ten cents. The committee will realize that a price of ten cents, having in mind that the tariff on corn is only ten cents, and having in mind also the difficulties which farmers in that part of the country must face in common with farmers in other parts of Canada, was a serious matter; so much so that the largest agency buying corn in western Ontario announced on February 8, 1941, that, owing to the subsidy being granted by the government on feed grains from western Canada, prices for Ontario corn and other

grains were temporarily withdrawn. Not only that, but many of the farmers who sold during the first three months of this year lost ten cents a bushel as a direct result of the feed grain subsidy scheme and were put in a definitely discriminatory position.

I am not unaware of the difficulty of the Minister of Agriculture, and I will not go so far as to say that this freight subsidy plan, having in mind the demands of eastern agriculture, cannot possibly provoke a justifiable argument. What I am saying, however, is this, that if the scheme has the effect of embarrassing one section of the community, the onus is surely on the administration to consider ways and means of mitigating that. Before coming to what I have specifically in mind, I should point out that the recent plan of the administration to increase production of coarse grains in western Canada by paying subsidies for land taken out of wheat production will also be a detriment to the corn growers of southwestern Ontario by reason of the added competition which these coarse grains will provide in the feed markets of eastern Ontario.

In March, 1938, I introduced in this house a resolution which was fully debated on all sides. The preamble indicated that there was a corn belt in Canada, that there was an area which produced at one time the entire corn consumptive needs of the country, and that every encouragement should be given to that area. The fact is that to-day we grow about 9,000,000 bushels of corn and consume about 15,000,000 bushels, and consequently we are compelled to import, mainly now from south Africa and the Argentine. The supplying of these importations under a definite policy on the part of the government, and greater encouragement to agriculture in that area, would bring about an increased acreage of corn production with subsequent benefit to the farmers from a financial point of view.

Having pointed out the problem generally in the preamble to that resolution, I urged upon the government two matters, and I urge them again. The first is that the government, in view of what I have just stated, should consider the necessity for improved marketing facilities and, second, the need for providing adequate storage, drying, government grading and inspection facilities in order that the quality of corn may be improved and the production increased. That resolution was adopted by the government of the day. The then Minister of Trade and Commerce, speaking in this house in the face of opposition from some quarters, accepted it; and his acceptance, to me, could only mean that he fully approved. Not having made any reservations, he could only have been assumed to concur in what the resolution sought to indicate. I regret to say, however, that while some interest has been displayed in this problem, no answer commensurate with what would seem to have been undertaken by the then Minister of Trade and Commerce has followed.

What did happen was that a member of the board of grain commissioners for the first time officially visited western Ontario, although western Ontario, from an agricultural point of view, is the most thickly populated area in Canada. As a result of the visit of this member of the board, Mr. Hamilton, it was decided to put in motion the operations of the wheat board. Consequently, with the setting up of this wheat board office went compulsory grading and inspection of wheat. Unfortunately, that compulsory feature was not applied to corn; and the figures, laborious as they may seem, nevertheless, even in the summarized form in which I propose to submit them, will indicate that if we could apply to agriculture, particularly to corn in southwestern Ontario, the same marketing principles that we have established with reference to wheat in western Canada, we would find occasion for considerable improvement.

I have here a table which, with the permission of the committee, I should like to place on *Hansard* and which I shall summarize.

Twelve months ending July 31

	Bushels		
Kind of grain	1938	1939	1940
Wheat	982,429	1,695,005	3,252,738
Oats	289,980	79,410	89,685
Barley	260,612	95,210	64,180
Rye	36,131	3,000	5,000
Corn	116,000	508,360	860,538
Mixed grain	51,250	3,050	1,250
Buckwheat	276,643	247,619	109,962
Total	2,013,045	2,631,654	4,383,353

This table indicates the amount of inspection for the years 1938, 1939 and 1940. The figures are given in the *Canadian Weekly Grain Statistics*, August 4, 1939, and July 31, 1940, published by the dominion bureau of statistics. They show with regard to wheat, oats, barley, rye, corn, mixed grain, buckwheat, an original disposition on the part of farmers not accustomed to a compulsory, let alone a voluntary, scheme of inspection and grading. They show for 1938, covering inspections that were made in that year in Toronto and Montreal, a tremendous improvement over the preceding year. The figures for 1939 cover the first year in the Chatham office,

Chatham being a town in western Ontario, the centre of the agricultural community. After the Chatham office was established, there was an increase of 618,609 bushels inspected over the figure of the previous year, or an increase of 30 per cent. The following year, 1940, shows a still greater increase over 1938, of 2,370,308 bushels, or 118 per cent.

Most of the increase had to do with wheat. This was, I think, due in large part to the fact that during the crop year ended July 1, 1940, Ontario wheat was handled by the Canadian wheat board. The board made inspection and grading compulsory in connection with all wheat which it accepted. That this system of compulsory inspection of wheat was advantageous to the producers is evidenced by the fact that of 3,252,738 bushels inspected during the year, the grading was as follows:

	Bushels
No. 1 Canadian eastern.....	2,681,069
No. 2 Canadian eastern.....	445,126
Lower than No. 2 Canadian eastern	126,543

The importance of the counties of Essex and Kent, and the surrounding district in a slighter degree, as a grain producing and marketing area may be understood from a study of the grain inspections of the three inspection offices in the eastern division, which are located at Chatham, Toronto and Montreal. The board of grain commissioners, and I say with great respect the Department of Agriculture, have operated as though the Canada Grain Act and the board of grain commissioners were intended to have jurisdiction in one section of the country and not in another. Hon. members who recall the deliberations before the last revision of the Canada Grain Act will see of what importance this minor attempt on the part of the board of grain commissioners and the operation of the wheat board has really been. For the twelve month period from August 1, 1939, to July 31, 1940, inspections of all grains were as follows:

Chatham—2,066 cars, 4 cargoes, 26 bins and 23 trucks.
Toronto—1,207 cars, one cargo.
Montreal—203 cars, 20 cargoes, one bin.

With regard to that general survey itself, it indicates that where emphasis was placed in respect of Toronto and Montreal, that emphasis should now be shifted to southwestern Ontario. On the basis of cars inspected the percentages were as follows:

Chatham—59 per cent.

Chatham being southwestern Ontario.

Toronto—35 per cent.
Montreal—6 per cent.

I do not want to labour these figures too much, but before I come to my main argument I wish to place one more set before hon. members. I urged in this resolution that we should have better drying facilities to remove the large amount of moisture so that the corn would be able to compete satisfactorily even in the home market with corn from south Africa, the Argentine and the United States. As a result, a voluntary system of inspection was set up. The committee may be interested in the quantities of corn that were voluntarily inspected during 1938, 1939 and 1940. They show, in spite of what was said in this house, namely, that farmers would not subject themselves even to a voluntary system of inspection, that was not true. The amounts inspected were as follows:

Year ended—	Bushels
July 1, 1938.....	116,000
July 1, 1939.....	508,360
July 1, 1940.....	860,538

This indicates clearly that where an attempt at inspection was made for the first time on a voluntary basis to try to assist in the marketing of this important commodity to the farmers of southwestern Ontario, the claim made by those who supported my resolution was more than justified. These figures show that the quantity of corn inspected during the last of the three crop years was nearly eight times the quantity of two years before and about 70 per cent greater than the quantity one year before.

Hon. members may ask, "Why this insistence on inspection?" The fact is that the corn grown in that area has very often a moisture content of over 20 per cent. It should not be over 13 per cent in order to compete satisfactorily with corn grown in the Argentine, south Africa and even that which before the war was imported from the United States under a tariff of 10 per cent. Obviously the cornstarch people are not disposed to buy this product unless it is in a satisfactory state, and there is a great industrial market for it. I have urged the setting up of drying facilities to remove the excess moisture, and the establishment by the government of compulsory grading and inspection by government inspectors, so that, just as with regard to western wheat the trade throughout the world knows its quality by the official certificate attached, the farmers of southwestern Ontario might be placed in the same favourable position of being able, under the system I propose, to have their commodity, once it has been properly certified, stand on its merits as does western wheat.

After Mr. Hamilton visited southwestern Ontario, he made a report, which is available to anyone who wishes to see it. It was made

to the Minister of Trade and Commerce, not the present minister who I am glad to see in his seat to-day, following my discussion I hope with great diligence and proper profit to himself. This report states:

> Before investigating the matter on the ground—

I presume meaning western Ontario.

> —I proceeded to Ottawa and interviewed the Minister of Trade and Commerce. It was decided that the investigation should be limited to the grading of corn; that the question of providing storage and drying facilities did not come under the board of grain commissioners.

That statement indicates that the question has not been approached in the comprehensive way in which it should be approached, because there have been subsequent reports made by the officials of the government, the last being by the agricultural supplies board together with a private survey that has been made, and reported in a valuable compilation entitled "A Survey of Canadian Research on the Utilization of Farm Products" issued by the national chemurgic committee of the Canadian Chamber of Commerce. At page 12 of that report will be found substantiation of what I have argued before in this house and of my argument now, and of what government reports themselves indicate to be the only solution of this problem. I wish to quote one or two excerpts, removed perhaps from their context, but nevertheless not unfairly. Under the head of "corn starch" the report states:

> This is the principal starch produced in this country and is made almost exclusively from imported corn, which at the present time is mainly of South African origin.

Then it goes on to say:

> Starch factories have little fault to find with the quality of Ontario corn except that it is generally very high in moisture when offered. . . .

And here is a significant statement:

> If particular emphasis was being placed on what is now imported that we could produce ourselves, it would be difficult to justify the importation of starch or any of its products, or of corn for their manufacture. The requirements of starch and cereal manufacturers could be largely met by Canadian corn, even if it may not be quite as satisfactory as corn grown in more torrid zones, provided an adequate marketing scheme could be worked out. Manufacturers claim that, in the past, they have experienced great difficulty in getting orders filled on the domestic market. Shipping facilities have been poor, all of the corn having to be moved by rail since no elevator is available on the St. Clair river or on the lake front.

There, succinctly stated, is the answer. There is no quarrel with the commodity itself; the difficulty is with regard to the moisture content and particularly the inability of the trade to get the corn in large quantities on account of the absence of storage facilities and also because the trade has not faith in the commodity grown here since it does not bear the certification of a government-inspected and government-created scheme.

Another aspect of the matter was brought to my attention, and to the attention of others in western Ontario, after the present war began. It was pointed out that since we grew only half the corn consumed in Canada, and since the farmers were not disposed to increase their acreage by reason of the difficulties I have enumerated, in the absence of a proper marketing scheme on the part of the government we were compelled to import almost half our total requirements.

This importation of corn from south Africa, the United States, and particularly the Argentine, was brought to the attention of the agricultural supplies board headed by Doctor E. S. Archibald, who has made an analysis of this problem, which analysis is, I presume, available to the Minister of Agriculture and to the Minister of Trade and Commerce. Doctor Archibald points out that approximately four million bushels of imported corn is now being used for industrial purposes, and this at a time when we have set up embargoes against the importation of many other commodities. He goes on to say that a considerable quantity of the imported corn used for feed also can be classed as used for industrial purposes, since it is used by manufacturers of mixed feed for poultry, hogs and other live stock. In order that industries such as those mentioned can be properly served, Doctor Archibald points out that the four requirements which I have discussed in another way must be fulfilled. Those requirements are: continuity of supply, the necessity of having the corn properly dried, grading and inspection, and facilities for shipping by either water or rail.

I am not quarrelling with what the administration has done under the freight subsidy plan in respect of coarse grains. Nor do I quarrel with its policy with regard to the reduction of wheat acreage. I do point out, however, the unfair position in which the Ontario farmer is placed. If this government is sincere in trying to meet this problem, surely we can no longer delay in providing suitable facilities for storing this corn in bulk, having it properly inspected and graded on a compulsory basis in order to satisfy the demands of the trade, and assisting in setting up those agencies by which the corn can be satisfactorily dried. Doctor Archibald concludes his report by suggesting a solution, which Mr. Hamilton was not permitted to do under the terms of his reference. Doctor Archibald says:

Before it (Ontario corn) could be used on a large scale for industrial purposes, it is probable that facilities for storing and drying would have to be made available.

I have given this matter a good deal of study and attention. There have been conferences galore with departmental officials. There has been a disposition to consider that the farmers in those areas where there is a large measure of industrialization are thereby provided with a market not open to their fellow farmers in the rest of the country, at least during the war. While I do not deny that, the fact is that in southwestern Ontario agricultural costs are higher, and upon close analysis the benefit of heavy industrialization is not as great as it may seem. I have attended the meetings of this house assiduously, day after day; I do not think anyone will accuse me of shirking my responsibility in that regard. I have followed the arguments advanced by hon. members who come from western Canada, and I know something of western Canada myself, having visited that section of the country frequently. In comparing the lot of the farmer whom I represent, or of the farmers throughout the so-called rich area of southwestern Ontario, I doubt very much if the difference in the standard of living as between the farmer of the east and the farmer of the west would be as great over the long pull as many imagine.

The government has met the wheat problem, at least so far as an approach to it is concerned; the government has met the problem of the dairy farmer, but it has not met the problem of that area in which most of the Ontario wheat and 85 per cent of the corn of this country are grown. If we go on in the haphazard way that has been followed in the past there will be only one thing for the farmers in that area to do, namely, go out of corn production. That would mean heavier importations. That would mean that the starch companies, instead of buying their corn from us, would continue to buy it from the United States, and this at a time when we are at war and when we are concerned with the conservation of exchange. Surely we cannot postpone dealing with this problem any longer. If the Minister of Agriculture or the Minister of Trade and Commerce do me the honour of replying, I hope the Minister of Agriculture will not say that this is not his problem. Following that, I certainly hope the Minister of Trade and Commerce will not say that it is not his problem either, because that is the way in which this matter has been shifted round. This is a marketing problem. Surely the policy to be laid down is a matter for the Minister of Agriculture. The setting up of a storage plant under private or public auspices, following the suggestions that have been advanced, may be a matter for the Department of Trade and Commerce or perhaps for the Department of Transport. Nevertheless this is a problem which the government cannot shirk any longer. We wish to improve the position of the farmers in that area so far as corn is concerned; and I am sure every hon. member from western Ontario will agree that the time has come when, first, we must put our commodity in exactly the same position with regard to moisture as corn coming from other countries; and, second, that having done this, we must set up a satisfactory marketing scheme which will take account of the matters of compulsory grading and inspection that I have indicated.

I have just one further word. Latterly the province of Ontario and the federal government have been engaged in a survey of this matter. Since I have been a member of this house, there have been no less than six surveys of this whole problem. One would be almost inclined to think that the resistance to the sort of barrage I am putting up to-day is a survey. However, perhaps this time something is contemplated, because an effort has been made on behalf of the farmers of that area to institute a marketing scheme on a compulsory basis. The dominion government argued that it did not have the constitutional authority to deal with that matter, but now I understand that the two governments are dealing with the problem or at least propose to deal with it after the survey has been made. I am not a farmer; I simply represent a district in which this problem is acute, but I do urge that we should have a definite policy so that year after year we shall not be dealing with this matter in a haphazard, unscientific manner which indicates a clear lack of planning. There is a real marketing problem here. Officers of the crown have supported the contentions I am making, and all that remains now is for the government to carry out the recommendations that have been made. I am sure that if this is done and a compulsory scheme instituted, with proper drying and storage facilities provided, the result will be a great improvement in this branch of agriculture. I earnestly urge that the Department of Agriculture, the Minister of Agriculture and the Minister of Trade and Commerce take hold of this problem in a way that will call forth our everlasting gratitude.

Mr. GARDINER: I understand that it is the desire of the chairman of the committee investigating war expenditures to bring in his report at this time. If the hon. member would permit me to make my reply after

the evening recess, I would move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

WAR EXPENDITURES

SECOND AND THIRD REPORTS OF SPECIAL COMMITTEE

Mr. J. T. THORSON (Selkirk): Mr. Speaker, I would ask leave to revert to the order of proceedings for the presentation of reports by standing and select committees.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house, we will revert to the order for the presentation of reports by standing and select committees.

Mr. THORSON: Mr. Speaker, I wish to present the second and third reports of the special committee on war expenditures.

Mr. HANSON (York-Sunbury): They should be printed in *Votes and Proceedings*.

Mr. THORSON: They will be.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house resumed in committee of supply, Mr. Vien in the chair.

22. Marketing service. Marketing service administration, $95,252.

Mr. GARDINER: Mr. Chairman, I would ask that you call it six o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. GARDINER: Just before the dinner recess the hon. member for Essex East (Mr. Martin) was reviewing the position in relation to corn, particularly that obtaining in the southwestern part of Ontario where the greater volume of corn is produced. The figures for Ontario for 1939 show a production of a little over 8,000,000 bushels, and in 1940, almost 7,000,000 bushels. Over a period of six years there has been an average production of 9,000,000 bushels. There is very little information with regard to the production in other parts of Canada prior to 1939. Manitoba had a production of 1,600,000 bushels in 1940. In previous years prices have been running from 55 cents up to 65 cents for Ontario producers. I think on May 20 of this year the price was 75 cents a bushel at the farm in Ontario, with trucking to elevator costing approximately two cents a bushel, making the price at the elevator 77 cents a bushel. The day before this memorandum was made up, which was within the last few days, the United States price was 71 cents a bushel for No. 1 corn at Chicago. Those are some of the facts with regard to the situation.

The hon. member for Essex East referred to the fact that corn produced in Canada, particularly that produced in the southwestern part of Ontario, has a fairly high moisture content. On account of this high moisture content and the fact that we have no proper facilities for drying corn, the product sometimes arrives in poor shape for feeding purposes in Ontario or other parts of eastern Canada. Different departments of government in recent years have been faced with the problem of providing driers at some particular points or an elevator or elevators with driers attached, in order that the corn may be handled more efficiently and in better condition. The report which was read before the dinner recess was prepared by the chambers of commerce, and it states that Canadian corn is suitable for commercial as well as feeding purposes, the main difficulty being that which was outlined to the committee by the hon. member for Essex East, namely, the high moisture content.

As was stated, consideration has been given to this problem on a number of occasions. I think that each time those who have investigated the matter have agreed on the methods which ought to be followed in order to handle the corn properly. Most of those who have investigated and dealt with the matter from the point of view of providing suitable feed for live stock have maintained that the cheapest way to dry this corn is in cribs upon the farms. It was stated that it takes from two to four months to dry corn, depending upon its condition and the time of year in which it is being dried. In order, however, to provide for shipments in the early months of the shipping season, it is necessary to have some artificial means of drying, if the corn is to arrive in good condition. So far as the preparation of corn for commercial purposes is concerned, it seems that it is essential that artificial driers should be established at one or more points.

The question is one which brings up the old difficulty that arises quite often in connection with different problems associated with agriculture and other industries in Canada, namely, that of provincial responsibility as against federal responsibility. Something was said about that by the hon. member for Essex East, and at this time I would only say that

we would not care to carry that argument further than to say that where the greater part of a product is produced in the same province in which it is consumed, we would be desirous of at least having the advice and consent of the provincial authorities in connection with anything that we might undertake to do. We would prefer to have representations made to us from the provincial governments to the effect that they desire to have something done to putting pressure on provincial governments in connection with products of that kind. I think that inquiries which are being made as between the provincial and the federal government may result in something being done which will be helpful.

In connection with the construction of an elevator, it was stated by the hon. member for Essex East that we had been more or less passing the buck between departments in years gone by. He suggested that the Department of Agriculture was inclined to say that this was the responsibility of the Department of Trade and Commerce, and he now suggets that the opinion is passed on that it is really the responsibility of the Department of Transport. I have made some inquiries into the matter, and I am convinced that the responsibility in so far as the construction of elevators east of Fort William is concerned, belongs to the Department of Transport. At the same time I am not going to shirk the responsibility of dealing with the matter as an agricultural problem. I am quite prepared to say to the hon. member that the department is quite anxious to give consideration to any representations that may be made to us or that have been made to us from the counties concerned, namely, the four or five counties in the southwestern part of Ontario. I would only suggest that we shall consider them subject to discussions which we may have with the provincial government.

I admit at once that some improved shipping facilities are necessary. I admit that some method of drying grain is essential to the proper handling of corn. I admit also that the government should take an interest in both these problems and try to find a solution of the problem confronting the people in that section of the province, more particularly in this period when we are interested in the production of corn, not only for commercial purposes but as a feed, and a good feed, especially in connection with the production of hogs which is so necessary at the present time. I think this is all that I can say at the moment until the matter has been fully discussed with the members of the governments concerned and with the government itself.

[Mr. Gardiner.]

Mr. NICHOLSON: I did not plan on pursuing the interesting argument advanced by the hon. member for Essex East, but in passing I should like to say that the apparent consideration which he has given to this subject and the interesting manner in which he has presented it should satisfy all hon. members that it is not necessary to be a farmer from one of the back concessions of Ontario in order to be able to discuss important agricultural problems. At eleven o'clock last night I was discussing the stamp plan in the United States, and the Minister of Agriculture mentioned that the Canadian government had distributed large quantities of butter, cheese, fish and other commodities. I am aware that the government have done a good deal in this field, but I contend that they have not gone nearly far enough, nor have they undertaken the problem in the systematic way which characterizes the stamp plan in the United States. On a former occasion I made reference to a book prepared by the Canadian Medical association, "Food for Health". A paragraph I did not quote before is found on the front page:

> By eating the proper kind and amount of food, you and your family are protecting yourselves against the diseases which go along with war and which spread in the period immediately following. In addition, good health enables wage-earners to stay on the job. Working time lost through sickness usually means a smaller pay envelope. We have a war to win. We must be fit for whatever task is required of us. Every housewife can do her bit—and help others do theirs by keeping her family's health at a high level.

On the fifth page, in heavy print:

> The Canadian farmer produces all the foods necessary for good health. Canadian grown vegetables such as tomatoes, turnips, cabbage, and fruits in season (apples, berries, cherries, plums, peaches, pears) can replace the more expensive imported fruits.

I am sure that hon. members were ashamed last night to hear what I read from a newspaper, to the effect that literally thousands of boxes of apples in British Columbia had been dumped. Other surplus foods are going to waste in Canada, and yet in this dominion there are people who are not getting enough to satisfy a decent standard of living. I am not able to say what number of people in this country are not getting enough to eat, but the last report submitted by the Department of Labour in connection with the Unemployment and Agricultural Assistance Act sets forth, on page 34, that in March, 1941, there were in Canada 325,000 individuals on direct relief. If the people on direct relief in other parts of this country are in the same position as those on direct relief in my con-

stituency, there are in this dominion a great many people who are not getting enough to eat.

I am not going to discuss all the foods which are available in Canada, but I shall refer briefly to one important food, namely, wheat or flour. Last evening I made reference to a school attendance officer in my constituency who reported that three families in his district are unable to send their children to school because they do not have flour in the house; and the information I have from my constituency is that notices have gone out to people on relief that there will be no more relief. I feel confident that the department at Regina will reconsider this decision, and that cases where it is impossible for them to manage without assistance will receive further aid. In the meantime, I feel sure, a great many families found themselves at the end of last month with no money, no credit at the store, and no way of securing flour except by imposing upon the good graces of the storekeeper.

In another vote the minister has asked us for $35,000,000 for the purpose of not growing wheat. Surely his department should be able, in conjunction with the Department of Trade and Commerce, to find means of providing that some of the surplus wheat in Canada is made available under a plan similar to the stamp plan in the United States, so that every householder in the nation shall have all the flour necessary to supply bread to his table three times a day. The minister should explain, when he is asking this parliament for $1,735,590.64 in connection with his marketing services, why he is not in a position to find ways and means of providing that all the wheat necessary shall be available to make bread for hungry children in this country.

The article in the pamphlet to which I have referred, stressing the importance of guarding the health of Canada, cannot be overemphasized. The minister would do well to give careful consideration to the carrying out of the principles of some plan like the stamp plan, or evolve a plan of his own, so that not a single family in this dominion will be denied the right to all the wheat products which they can possibly use.

Mr. MacKENZIE (Lambton-Kent): About a week or ten days ago, I believe, the hon. member for Fraser Valley made inquiry of the Prime Minister when the house would be prorogued or adjourned. Of course, the Prime Minister could not very well answer that question, because, while it is a well-known fact that the party in power summons parliament and sets the date when it will be opened, the opposition always decides when it will be prorogued or adjourned.

Mr. HANSON (York-Sunbury): Not this time.

Mr. MacKENZIE (Lambton-Kent): That opposition may come from the official opposition or from hon. members of the various opposition groups, but that is the quarter where the opposition must come from, or the item would pass. Therefore the logic of the situation is, probably, why talk about an item concerning something which is already in force or in operation? You cannot change it anyway.

In order to clarify my position, may I recall to hon. members that, just before the Easter recess, when we were passing legislation embodying the wheat policy for the west, I endeavoured to make a few remarks around six o'clock and I was ruled out of order, but I was assured that I would have an opportunity to make those observations at a later date. It makes quite a difference whether a policy which is being discussed is or is not actually in effect. In any event, I wish to make a few casual remarks.

The Minister of Agriculture inserted in the estimates an item which has to do with his wheat policy. May I say that if the minister believed he had a policy which would be acceptable to all the agricultural interests from British Columbia to Prince Edward Island, he must now be the most disillusioned man in the house. As a matter of fact, the thing is impossible, and I believe that the minister realizes it.

I have followed since 1938 the policy of the Minister of Agriculture with regard to wheat legislation, and I believe that any one who has done so cannot but admit that from that time up to the present he has certainly been a "sugar-daddy" to western Canada. If the people in the west are not satisfied with his wheat legislation, I do not believe it is possible to satisfy them.

A good many objections were raised by hon. members, some from western Canada, to the effect that his policy was one of regimentation, that the farmers were told they had to do this and they had to do that. As an actual fact, that was not the situation; there was nothing compulsory about the matter, as was evidenced by the statement of the hon. member for Moose Jaw that he intended to do just as he had always done—go on and grow wheat. I have, however, no doubt that the Minister of Agriculture wanted to make and did make a policy so attractive to western agriculturists in general that they would accept it. In my opinion he made a very good job of it. For instance, he offered $4 an acre for summer-fallow, up to a certain percentage anyway, which was taken out of wheat

cultivation. I would say that $4 an acre is very attractive. I well remember that the hon. member who occupies the seat beside me—he is not here to-night—has some property in the west. I was witness to his signature on some leases which he was sending out west, and the sum he was paying for land summer-fallowing was $2.50 an acre. He mentioned that he had been getting the same work done in previous years for $2 an acre. I well remember, too, that the hon. member for Qu'Appelle, who is, I believe he will admit, a big wheat farmer, claimed that he was getting summer-fallowing done at $1.50 an acre, and that he could have hundreds and perhaps thousands of acres summer-fallowed at that price. The policy adopted by the Minister of Agriculture must have been quite attractive. I remember, when we were discussing certain property in the vicinity of an experimental farm at Rosthern, the hon. member for Wood Mountain, I believe, said that land there could be bought for as low as ten dollars an acre. Therefore, if one summer-fallowed land there for two and a half years, he would have the land for nothing anyway.

I agree with the hon. member for Essex East. I am not going to belabour this question, because he went into it fully, and I am in accord with what he said. Coarse grains were quite a problem, and the Minister of Agriculture declared that in his opinion it would not influence or affect the eastern farmer, but he said it so often that I rather think he believed it himself. I am quite satisfied that it is discriminating against the coarse-grain growers of the east. Barley is a good substitute for corn; and if you bonus it in the west and pay the freight on it to the east, it is decidedly in competition with corn produced in southwestern Ontario. I do not think the policy is quite fair to the corn growers of the country.

When the question was brought up before, I said that we grew all the grain we required, even last year under abnormal conditions. That is not quite true, although the south-western counties did not import any western grain. I wish to make it quite clear that I am not opposed to western agriculture. I should like to see the western farmers get as much as they can; I should like to see them get a dollar a bushel for their wheat. But what I did object to, and what I object to now under that policy, is that eastern agriculture cannot afford to pay for a bonusing policy for the west. That is what I objected to, and I still object to it.

I was also opposed, and naturally so, to the way in which the measure was brought down. The government used their powers under the War Measures Act to frame a policy and to deal with the matter in supply where there was no opportunity to move amendments or to change the regulations. The whole question should have been discussed in the committee on agriculture before it was brought into the house, and, if necessary, there should have been appropriate amendments which would have made the legislation workable and agreeable to all parts of the country.

I agree that on the whole agriculture has been getting a rather better deal of late; things are looking up a little. We must admit, however, that agricultural prices should be placed on a parity with prices of other commodities if we are ever to be on a sound economic basis in Canada. No party has, however, offered any policy or solution or panacea for this problem. They all say that something should be done, but they do not come forward with a concrete plan to put agriculture on a sound economic basis. The old law of supply and demand no longer operates; at least it does not function to the extent that it did before. That is true not only now but of the pre-war period. We must look for some solution if we are ever to put agriculture on a sound basis. When the war is over and we get back to a sound trading policy, the situation will probably clear up; but I have my doubts, because throughout the world we find no common standard of living, no common standard of wages, no common standard of money. I could mention several instances. I could discuss at some length the question of beet sugar. Cane sugar can be bought cheaper than beet sugar because the labour employed in harvesting the cane receives forty cents a day; but one cannot procure labour in our fields at less than $2.50 or $3 a day. The same is true of other commodities, and we are exporting only a small proportion of our agricultural products. There is no market for butter outside the dominion, and we have no large exports with the possible exception of wheat. We should, therefore, devise some plan of controlling prices and, to some extent, production. If the government could bring in some sort of national marketing act and work out a system of our own to place agriculture on a sound and safe economic basis, it would be a great boon to the farmers.

Mr. HATFIELD: I wish to commend the argument put forward by the hon. member for Essex East with regard to the growing of corn in Canada to supply our corn starch manufacturing plants. I have had some experience with corn starch, and I believe

there are two plants in Ontario, one at Cardinal and the other at Port Credit. Those plants have large storage facilities, and all that would be necessary would be to install drying apparatus. The corn could be taken from the fields and dried in those plants. At present they import corn in the fall from south Africa and south America, bringing it here before navigation closes.

Mr. MARTIN: And the United States.

Mr. HATFIELD: There must be large storage facilities at those plants. Manitoba can grow good corn. Why, then, send out foreign exchange for corn at the present time? Most of it is coming from the United States to-day to supply the factories, and there is a large export demand for corn starch. The United States is shipping millions of tons of corn starch to Europe and all the other countries of the world.

Mr. CRUICKSHANK: I am not going to make a speech to-night. I was told that I was on the wrong item when I tried to discuss certain questions before, but I believe I am in order to-night. I wish to make one correction. The hon. member for Lambton-Kent made reference to western Canada. Let me inform the committee that, geographically speaking, British Columbia is in the west, although apparently the committee does not know this. We do not grow wheat, but we are in the west nevertheless.

Although I do not agree that the minister is a "sugar-daddy" to anybody—knowing his record in the past, I do not think he would not be a "sugar-daddy" according to my definition of that term—I am particularly interested in what will happen to eggs and poultry. Last night, it seems, I was in the wrong section, but I should like to have some explanation from the minister. I was informed that he did not have the right bodyguard or officials round him to give him the information on marketing. May I ask him what is to happen to that other war casualty in my riding, the small fruit grower. In British Columbia we depend upon our export surplus.

Unfortunately, owing to the war and shipping conditions, we have not been able to dispose of our extra berries, our processed berries, to Great Britain. I give the minister full credit that last year he was able to dispose of them, but I should like to know what provision is being made this year. The growers in my constituency must know now, because they are now starting to can those berries, probably with such a fine climate as British Columbia has, they are already canned, and we must know where we are going to dispose of them. Before this session closes—and I do not wish to have to talk for three days—I think we should know whether we are or are not going to get the same treatment for eggs as is given for butter, honey, maple sugar, lobster, apples and wheat. I repeat that word "wheat." It is a commodity grown in a couple of the provinces. We should like to know if we are going to get a minimum guaranteed price that will at least return the cost of production. Under this item of marketing services administration, I think the minister should be in a position, in view of his statement of last year, that the same treatment would be accorded to all producers in every part of Canada, to give us some assurance.

Mr. HARRIS (Danforth): I should like to add a word or two, not altogether along the same lines but along one vital line, namely, the matter of getting fruit through to the British isles. I have in my files three or four letters from those now overseas who find themselves unable to satisfy their requirements with regard to fruit and fruit juices. They ask for more apples from Canada, if necessary dried apples in order to save the freight, and they particularly ask whether it is possible to get apple juice. The condition which at present obtains is that companies such as Eaton's, Simpson's and other large department stores in Canada have arranged to pack for shipment overseas parcels of fruit juices such as tomato, apple and some orange juice which their friends here send to the boys overseas. One of my constituents writes me that there is a shortage over there of vitamins; I think it is vitamin C. It seems uneconomical for interested people in Canada to have to mail cans of apple juice overseas, the cost of mailing being four or five or six times the cost of the product itself. Yet people do so in order to satisfy the needs of their loved ones who are serving in the forces overseas. What I had in mind is that this marketing service might take hold of this matter in a rather big way and send overseas our tomato juice which contains this required vitamin, and our apple juice, dried apples and fruits of all kinds. So much for the local situation mentioned by the hon. member for Fraser Valley.

Passing now to the world situation, we find that our markets on the European continent are very much disrupted. We have been taught by the exponents of the policy of the Liberal party that overseas trade, and more particularly trade with Europe, is the lifeblood of this country. That trade has been demoralized by the present conflict. I am wondering what policy the Minister of Agriculture has in mind to improve Canada's position in view of our being cut off from that market, the result being, as we all know.

that in Canada we have a surplus of agricultural products. That surplus causes prices of these products to fall to a low level. Subsidize as much as you will; assist as much as you will by bonuses and subsidies of the kind that have been enunciated here, namely, $4 per acre if you make the ground black and in the way of becoming a desert again, or $2 per acre if you put it into coarse grain.

The spending of these odd millions, $35,000,000 in that instance, will not help the situation in the long run. In fact I am greatly concerned about the position we are getting into through these grants and allowances for having land black in July. I am concerned about the state it will be in by July of next year. It may be a desert. If it is, then we shall not be in a position to produce, even though, on account of the lack of a market for that extra 10 or 15 or 20 per cent in Europe, we have at present a depressed level of agricultural prices. Let us not be too much concerned about that, even though in Europe they have a false or pseudo-prosperity. Analyse that situation, due to the fact that a bushel of wheat in Germany to-day may buy $2 worth of goods and services, whereas in Canada a bushel of wheat will buy only fifty cents worth; in the matter of a decade that will prove only a false or pseudo-prosperity. On account of that false prosperity, goods and services are coming back to the producers of wheat, bacon and other consumable commodities to an amount out of proportion to what those goods and services are really worth.

In our land of prosperity and abundance the reverse obtains. Therefore I say to my hon. friends who concern themselves about the low price of agricultural and other products and materials which by nature we are able to produce, that this condition is probably just temporary and the world equation will soon balance itself. The world equation may balance itself, and even though the present situation is difficult; even though the economic pressure we have exerted against the totalitarian states has not worked to the extent that we had hoped, the day will come when they will want our goods. Therefore I say to the Canadian producer of primary commodities, "Stay with us in farm production and in the long run we shall win through." That prosperity which obtains in the totalitarian countries, due to a shortage of the goods they would like to consume, in the final analysis will bring about their defeat. When the men rescued from the *Bismarck* had their first meal on board a British ship they were amazed when they were served a full-course dinner. They were not accustomed to a full stomach on which to work. That is the very thing that will pull us through. Therefore I say to the minister, and to all those who are looking to him to save agriculture in Canada to-day, that they should have patience, because in the long run we in Canada, together with the other members of the British commonwealth that have large supplies of these commodities, will get these commodities through to Britain.

That is the job of the minister; he must see that Britain gets these goods. We are all glad and willing to help in any way possible that this may be done, whether it is eggs from British Columbia, wheat from the prairie provinces, fruit from the land of Evangeline, or pork from the eight million hogs throughout Canada; let us get these products through to Britain. It is said that armies travel on their stomachs. Let us make sure that the Englishmen, the Canadians and all those fighting in our behalf have full stomachs on which to fight, even though prices are low here. The people of the totalitarian states are almost starving for those commodities of which we have an abundance; and when this conflict is over—pray God that may be fairly soon—they will want those products and we shall be able to reestablish our channels of trade. Then, once more Canada will return to her place as one of the greatest exporters of primary products. Consequently I hope the minister will tell us what the marketing service has in mind with regard to securing those commodities of which the United Kingdom is short, and, beyond that, supplying an abundance of all commodities, without regard to cost, so that the armed forces of the United Kingdom may give a good account of themselves and, at the same time, we may escape the difficult situation in which we find ourselves to-day.

Mr. CRUICKSHANK: Might I have an answer to my question? I have to attend a committee meeting, and I do not wish to have to listen to all this oratory.

Mr. GARDINER: The hon. member for Fraser Valley has asked for information with regard to the possibility of marketing certain fruits which have to be disposed of in British Columbia each fall. Last year we made an arrangement with Great Britain whereby they agreed to take delivery of 1,700 tons of the type of berry products in which the hon. member is interested. We found that we were able to deliver only 1,300 tons, for the reason that this was all we were able to obtain at that time by way of surplus. This year the marketing branch of the department is negotiating with the same authorities in Britain for an arrangement under which they will take somewhere between 1,700 and 2,500 tons.

Mr. NEILL: The minister is referring to processed fruit, is he?

Mr. GARDINER: Yes, processed berries. The negotiations have not been completed, but we expect that an arrangement similar to that of last year will be arrived at, and we hope it will take care of any surplus that may be available this fall.

With regard to eggs, we have had some little difficulty until very recently. During last month, I understand that we completed the shipment of 180,000 cases of fresh eggs to Britain, and we are making arrangements to deliver more than 230,000 cases this fall; we are storing them now for delivery at that time. I quite appreciate that this is a very small proportion of the eggs produced in Canada, but I think I am correct in saying that we were shipping only a very small proportion of our eggs to Britain before the war. Then, again, it is just possible that we have a greater production at the present time on account of a general stepping up of production of all farm products throughout the country, and it may be necessary for us to dispose of a larger quantity than we have in mind at the present time. In any event, negotiations are going forward looking to the disposal of that surplus.

With reference to the other questions raised by the hon. member for Danforth, I do not think the situation is exactly as his remarks might lead one to believe. We are disposing of more farm products of every kind—

Mr. HARRIS (Danforth): Would the minister address himself to apple juice and tomato juice?

Mr. GARDINER: I will come to those. We are disposing of more of the stable farm products generally exported from Canada, with the exception of wheat, than was the situation before the war.

Mr. HARRIS (Danforth): We quite agree with that.

Mr. GARDINER: We have had some difficulty with regard to apples. Before the war we exported to Britain fifty per cent of the apples grown in Canada, while in the Annapolis valley of Nova Scotia the export figure reached approximately 80 per cent. During the first fall of the war, at some inconvenience to herself Britain did take a certain proportion of our fresh apples from the maritime provinces and British Columbia, but during the second year they did not desire to take delivery of fresh apples. One reason for that was that apples are bulky in relation to their food value and take considerable shipping space which is of greater importance to Britain at the present time in connection with other foods.

Mr. HARRIS (Danforth): I asked particularly about dried apples.

Mr. GARDINER: I am coming to those. In the first fall of the war not only did we deliver a certain percentage of our apples to Great Britain; the government itself took over the remainder of the apples, which were canned or dehydrated. I think we still have some of those apples which were grown in 1939, and canned in the winter of 1939-40. We have given away some of them. We have sold some of them. We gave some to some people who told us afterwards that they would just as soon we had not shipped them.

Mr. STIRLING: Nova Scotia apples?

Mr. GARDINER: They were dehydrated apples. That statement was made, not because the apples were not good enough, but because they took up shipping space at a time when other foods of greater importance had not enough shipping space. Under those conditions, of course we are not pressing our apple crop upon the British people.

I may say that when I was in England last fall I did discover some apples in a market in Liverpool. I made some inquiries as to how they got there, knowing that we were not shipping any apples from Canada. I did not understand how apples might have been received from some other countries. When I made inquiries I found out that the apples were some which had been taken off a captured boat, and were being disposed of simply because they had been landed in Great Britain.

Mr. HARRIS (Danforth): Distress apples.

Mr. GARDINER: I state this in order to indicate that the British people are not taking apples at the present time in anything like the quantities they were taken before. They are not taking fresh apples at all, so far as I know and, from what I can learn, they are not anxious to receive even dehydrated apples, and certainly not in the quantities we could supply. In other words, we have some difficulty in disposing of our apple crop. It is costing the government about $2,000,000 a year to take off the market apples which cannot be disposed of and which, had there been no war, would have been disposed of in Great Britain.

I believe that the same observations would apply to a greater or lesser degree to apple and other fruit juices. Perhaps it applies to a lesser degree on account of the fact that the juices may be canned and shipped in a form which is not as objectionable as fresh apples would be. At the present time, however, there is not any considerable demand; as a matter of fact, there is no demand at all for them.

Mr. HARRIS (Danforth): Do I understand the minister to say that there is no demand for fruit juices?

Mr. GARDINER: We have no request for fruit juices up to the present time; but for tomato juice there is a demand.

Mr. HARRIS (Danforth): With all due deference to the minister, there is a great demand for orange, apple and tomato juices.

Mr. CRUICKSHANK: Who is making the speech?

Mr. HARRIS (Danforth): The minister is, but I am correcting him.

Mr. GARDINER: I can only answer the questions I have been asked from the information we have in the department. If the hon. member for Danforth has other information, I should be very glad to have it.

Mr. HARRIS (Danforth): There is a shortage of apple and tomato juices.

Mr. GARDINER: It is scarcely correct to imply that agriculture is not doing as well in the matter of volume shipped from this country, or in the matter of price received—

Mr. HARRIS (Danforth): No such inference can be drawn from what I have said.

Mr. GARDINER: —at the present time, as it did before the war. In other words, Great Britain is taking from Canada to-day very much greater quantities of pork products than we sold to all countries to which we delivered pork products before the war.

Mr. HARRIS (Danforth): I agree.

Mr. GARDINER: In other words, we are not shipping less; we are shipping very much more.

Mr. HARRIS (Danforth): I agree with that. The minister has no right to draw the inference that I said anything different.

Mr. GARDINER: I believe I had better try to answer the inference—

Mr. HARRIS (Danforth): There was no inference at all.

Mr. GARDINER: —and have the information complete. My memory is that in the last complete year before the war we shipped about 160,000,000 pounds of Wiltshire sides to Great Britain. This year we shall ship 450,000,000 pounds, or almost three times as much. While the actual market price as it would prevail upon the market if nothing were done about it, other than to accept the terms of the agreement, is approximately the same as the market price in that earlier year, the government of Great Britain raised that price a short time ago in order to assist in bringing the price up to the level of the United States price. That was done by increasing the price allowed us under the agreement from 80 shillings to 85 shillings. Since that time, the government of Canada has added an additional 75 cents per hundred pounds of Wiltshire sides, in order that Canada might do her part in increasing the price up to the level which has been produced in the United States market.

This has been done for a twofold purpose: first, for the purpose of giving the best return we can arrange at the present time. Whether it is satisfactory to agriculture all the way across Canada, I am not going to try to argue. It has, however, been for the purpose of securing the best price which we consider we could arrange. That price is a little bit higher now than was the price in the year of the first agreement. I think farmers across Canada have expressed themselves as being fairly well satisfied with the price we obtained in the first year of the agreement. The price prevailing now is better.

Mr. TUSTIN: That 75 cents is included?

Mr. GARDINER: Yes. It was a little better even before we added the 75 cents.

Mr. HARRIS (Danforth): Would the minister permit a question?

Mr. GARDINER: Would the hon. member permit me to finish my answer to his speech? The second purpose is to encourage the farmers to produce still more next year. The present position is that Great Britain is taking all the surplus pork products, and particularly Wiltshire sides, that we have available to ship to her. We are shipping it all, in so far as bottoms can be secured. I believe she will be prepared to take all the Wiltshire sides we can produce, or that we are likely to produce—I shall put it in that way—within the next twelve months.

We want the farmers to understand that the government of Canada, along with the government of Great Britain, is and will be prepared to see to it that in view of the circumstances a reasonable price is maintained, to the end that we may get the highest possible production.

That brings me to the reference made a few minutes ago to the policy which has been followed in connection with wheat. It has been suggested that we simply bonused the farmers to the extent of $4 an acre, in order to have them keep their land idle. That is not what we did. We asked the farmers to reduce their wheat acreage, and we gave our reasons for doing so. We said, "We have now

enough wheat in storage in Canada to supply all Great Britain's needs, all our own needs and all the needs of any other countries to which we have any reason to believe we shall be supplying wheat within the next two years." We have enough wheat in storage now to supply purchasers for two years. We said, further, "It is costing the government of Canada a certain amount of money to take delivery of that wheat, in order to make it possible for the people who grow it to live." The amount that we have been paying out is 70 cents a bushel Fort William for every bushel of wheat delivered. Then we would add to that about ten cents a bushel a year in storage and carrying charges for each year the wheat is going to be carried. If we carry it into the third year, having two years' supply already on hand, it will cost the government about one dollar a bushel to take delivery of that wheat and carry it until such time as there is a demand for it.

We have said to the people of western Canada; we have said to the people of all Canada that, on that basis, for every bushel of wheat that they keep out of production, that is, every bushel of wheat that they do not produce this year, they will be making available from the amount of money that the government of Canada has to raise one dollar to be expended during the next three years in prosecuting the war. It was on that basis that the pamphlets, which were quoted here last evening and which were referred to again to-day, were put out in western Canada. Those pamphlets were to the effect that to grow less wheat in 1941—not grow less wheat in 1942 or in 1943—would help in the prosecution of the war. I say that to reduce the bushelage by a million bushels which the government would have had to take delivery of will help in the prosecution of the war financially to the extent of one dollar a bushel for the three years; to the extent of $1,000,000 for every 1,000,000 bushels

It was upon that basis that we asked the farmers of western Canada to reduce their acreage this year. We said, "We are not coming to the people of western Canada at the present time and saying that you should not grow wheat; we are not coming to the people of western Canada and saying that at some future time you should not grow wheat; we are coming to them and we are saying two things, first, that there are certain products that ought to be produced this year in greater volume than you have been producing them before. We want more butter; we want more hogs; we want more cattle, and if we are going to be able to produce these products in Canada we must have more feed grain." We said, "In addition to helping us out in financing the war by not asking the government to take delivery of the same amount of wheat this year that they have in the last two years, if you grow more coarse grains, either you will make it possible to produce these other products on the farms where you are growing the crops or by shipping them to some other part of Canada you will be making possible the production of these other products in other parts of Canada."

Up to date the reports indicate that the farmers of western Canada followed our advice in the matter, and advices up to the present indicate that they have reduced their acreage by close to 7,000,000 acres. That is, out of a total acreage of somewhere around 27,000,000 acres, they have cut off about 7,000,000 acres. Some of that land is being put into summer-fallow, and to the extent that they have reduced wheat acreage they will be paid $4 an acre for having done so. My hon. friend says that he fears a desert next year. I do not fear a desert as a result of summer-fallowing in western Canada, but I would say there is a possibility that we may have more wheat next year because we summer-fallowed this year.

Mr. HARRIS (Danforth): That would be all right.

Mr. GARDINER: This summer-fallowing may amount to three or four million acres this year. The hon. member for Danforth says, "That would be all right." I think it will be all right from the point of view of having a greater production next year. I am not one of those who think it is a good thing over a period of time to reduce the production of food. In the long run I think it is probably a good thing to increase the production of food. While it may be necessary this year to cut down the production of wheat on account of the position in which we find ourselves in relation to the whole problem, in the long run I do not think any harm is going to come from having three or four million acres of land in a better condition to produce more grain next year, whether it be wheat if we want it, or whether it be more coarse grains in order that we may produce more of other products.

The remainder of the six, seven, or eight million acres, whatever it may turn out to be, which has been taken out of wheat will be put into coarse grains and grasses. From the coarse grains we shall produce largely pork products, and from the grasses, in the summer months, we shall produce dairy products. We have had some experience already in connection with dairy products as related to the policy which has been followed. This

is the policy which my hon. friend said a few moments ago brought forth considerable criticism two or three months ago, but it is not bringing forth so much criticism now. Since the beginning of the war we have followed the policy of keeping a close check on agriculture right across this country, and of not going out in advance of the time when it is necessary and calling upon everybody to produce something which we could not get rid of. We have had one experience of that kind, although we did not have to ask to have it produced; it was produced in the natural course of events. We have more wheat than we are able to get rid of for the time being, but we are fortunate in the fact that wheat is a product which will keep for a long term of years. After we hold our wheat, it will be just as good as a food product three or four years from now as it was when it was grown. That being the situation, it is fortunate that that is the product which we have in greater quantity than it can be disposed of at present, because I have no doubt that it will be used in due course to feed those people who will be requiring it.

In the meantime people must live; in the meantime people across the seas must have meat products which they cannot get elsewhere, and in the meantime we can get better returns by producing those meat products than we have been able to get for the last ten years. At the same time we shall be serving the purpose we are trying to serve in relation to the war itself. I have said that we have increased deliveries of pork products from 160,000,000 pounds in the last complete year before the war to 450,000,000 pounds this year, and we hope that the increase will be greater next year. We are fairly well assured that with the war proceeding toward a successful conclusion we shall be able to dispose of those products in a way which will be as favourable as possible under the circumstances for those who produce them.

In so far as cheese is concerned, if I remember the figures correctly, in the last year before the war we delivered about 72,000,000 pounds. Last year we delivered a little over 103,000,000 pounds, and this year we have contracted to deliver 112,000,000 pounds. Only two or three weeks ago certain newspapers in Canada were saying that we had failed entirely in our policy because we had allowed farmers to get rid of their cows, and they were not going to have the milk with which to produce cheese. I have here on my desk to-night an article written yesterday by one of the same newspapers to the effect that we have thrown away a million and a quarter dollars by putting another cent on cheese which we did not need to put on because the farmers were going to produce the cheese anyway. I cannot understand that kind of argument, where people with one breath argue one way, and with the other breath argue another way. Nevertheless, three or four weeks ago the farmers took milk to the cheese factories in volume which produced 31 per cent less than was produced in the same week a year ago. The gradings for this last week show that in the last week for which we have a record, they took in sufficient milk to produce approximately 47 per cent more than they produced in the same week a year ago.

I quite agree with the writer of the article in this particular paper when he says that the farmers of Canada would have produced that cheese even if we had not put an extra cent on the price. I would, however, call attention to this. Britain places cheese right at the top of the list of her food necessities. She wants cheese; it has a food value, and it takes as little shipping space as any of the more important foods. It is a product which the British people are accustomed to placing in their ration of food. Our Canadian cheese is a good product. We knew, when we put an extra cent to the fifteen cents on ship at Montreal plus the one cent premium on 93 score, plus the two cents on 94 score, plus the subsidies which are provided by the provinces of Ontario and Quebec, that the farmers were getting a better price for their cheese than they had had over a long period of years extending back before the beginning of this war. We knew that they turned out within this last year more than 140,000,000 pounds of cheese, as against 100,000,000 a few years ago; that they exported to Britain 103,000,000 pounds, as against 72,000,000 pounds in the year before the war; that this year they will deliver not merely 112,000,000 pounds but probably 120,000,000 pounds or even more. Whether they do or they do not, we believe that the price which is now established will have the effect of keeping farmers delivering milk to cheese factories, as against taking it to creameries, where we have guaranteed the minimum price for the summer at a level of 30 cents in June, 30½ cents in July, 31 cents in August, 31½ cents in September, and 32 cents in October. With these two levels of prices established, we believe that the Canadian farmer will raise next year his production of cheese to the level it reached in the last years of the last war, and we shall be exporting, not 72,000,000 pounds as we were doing at the beginning of the war, but twice as much cheese, to Britain alone, as we sent at that time.

That is the objective we have in mind. That is our policy. We have brought the farmers through the last two years—it is

true, with some dissatisfaction as regards price—without encouraging the production of great surpluses which we could not get rid of for the time being, but in a condition of mind in which, as a newspaper says that was criticizing us three or four weeks ago they would have produced the product even though we had not raised the price. With the increased price level, however, they will go on next year beyond our fondest hopes in connection with the production of food.

All this is connected with the prosecution of the war. I was told the other day, by a man prominent in matters having to do with Britain's policies, that Great Britain will win this war. He did not say "if", he said that "Britain will win this war because we are going to feed the British people." When he said "we", he did not mean Canada alone; he meant all the people in the world who are associated with Britain in fighting this battle. "We are going to maintain the sea lanes. We are going to see that food gets over. As food is destroyed we are going to produce more. And," he said, "the people are going to maintain the morale which is necessary to the winning of a victory, on account of the fact that they are assured that they are going to be fed; and the battle is going to be fought through to the final conclusion."

We in Canada can play our part, and our farmers are playing their part. The government is not able, as we all agree, to pay all that the farmers ought to have, but in conjunction with Great Britain and with the United States to the south, we are trying to supply all the food we can send from this continent to Great Britain. We have done it not only by maintaining prices as high as we possibly can, and by encouraging production, but by keeping a check on the consumption of the important products, and we have tried to maintain that consumption at not a higher level than was maintained under the favourable conditions of last year.

To my hon. friend here who was talking about the circumstances of those on relief, I wish to say only this. We in Canada have passed through a very difficult period. Everyone in this chamber knows that. He knows how we used to argue about it ten years ago; he knows that we argued about it five years ago, and that we argued about it even two years ago.

Mr. HOMUTH: And you are still arguing.

Mr. GARDINER: We have not been arguing about it very much since September, 1939. Some of us said ten years ago, five years ago, and three years ago, that the reason for the unnatural condition which existed in connection with food products, of which we are large producers, was that certain people were getting ready for war. There were those who scoffed at that idea, but to-day we are all convinced that they were getting ready, and they got ready to such good advantage that it is taking us from two to three years to catch up with them. We know now that preparations were being made not only in the matter of munitions, but in the matter of food. I believe every hon. member will agree with me when I say that the farmer, being a producer of food which is necessary in the same quantities per man in time of peace as in time of war, is about the only producer in Canada who was ready to supply his product in much greater quantities than could be used in this country when the war did come. He did not stop when the war broke out. He went right on producing no matter what the price was, and increased the amounts, hoping, no doubt, for some increase in prices as a result of the fact that we were at war.

Mr. HOMUTH: He was encouraged to do so.

Mr. GARDINER: He was encouraged, and he should have been encouraged to do so.

Mr. HOMUTH: You encouraged him.

Mr. GARDINER: My hon. friend says that I encouraged him. I am afraid that if the production had not been adequate at the present time he would have said that I should have encouraged him. But I accept what he has said as a compliment. We encouraged the farmers, and the products which we asked them to produce they have available and will have available in greater quantities as the months go by. What I wish, however, to point out in this connection is, that while there may have been in Canada some few months ago about 300,000 unemployed, there was a time not very long ago when we had over 1,000,000. In other words, our unemployment rolls have been cut down considerably, and to that extent we are presumably better off than we were before.

In connection with the problem of relief, the hon. member for Mackenzie knows that it is not one which is dealt with under the Department of Agriculture. I am not trying to shirk a responsibility when I say that. Agricultural relief in western Canada was taken care of for a period of time under this department. But urban relief was never a matter which was under our charge. We did, through this department, take farm products off the market at a time when we had surpluses, and we distributed them to people who were on relief. We went even further than that. We realized that in a country such as

Canada people do not easily go on relief; they go on suffering a great deal of inconvenience and underfeeding in their families. Only then do they go on relief.

I think I said, on the occasion when we first took butter off the markets and gave it away, that the first thing a poor family does is to quit eating butter on account of its price and to start eating some cheap jam. Eventually they go down the list until they get to blackstrap molasses, finally giving that up, having nothing on their bread and eating it dry. That is the process they go through. We gave away butter, cheese and other products. We did not follow the stamp practice which prevails in the United States, but we did the thing that we thought was suitable to this country; and I may say what I said in reply to the question with regard to the notice that had already gone out in the province of Saskatchewan from the provincial government to the effect that there will be no relief in certain areas this year. That notice has gone out ever since we passed the peak of our unemployment condition. It is necessary from year to year to take persons off the unemployed list and off the lists of relief as conditions improve in their areas; and just as that order went out last year and relief was given later on where it was absolutely essential, so the order has gone out this year; all of which means that every person who was on the list is cut off and must make a new application again to reestablish himself as being in a position warranting the receipt of relief. I have no doubt that where it is absolutely essential it will be given.

In relation to the matter of distributing wheat or flour, or making it possible to get it, these relief lists do make that possible. I can understand, knowing conditions as I know them in the northern part of Saskatchewan, that some people have not been able to get all that they need. But knowing more particularly the frame of mind of many people in that province, I know that fathers and mothers will get along without flour for quite a while before asking for it from anyone, whether the municipal council or the government or anybody else. I know Saskatchewan well enough, however, to realize that if their neighbours know the situation, these people will not have to go without flour very long. I realize also that they should not be left in that condition and that governments should do something about the matter. But again, I have sufficient confidence in the governments of the three prairie provinces to believe that where these conditions do prevail, those governments, as soon as the facts are made known to them, will see to it that food is got to these people. I do not wish to say anything more with regard to this particular item.

Mr. HARRIS (Danforth): I am hopeful that the hon. member for Fraser Valley will feel now that at least the minister has answered the question he raised with regard to eggs. In an agile manner, the minister slipped from eggs into pork, and it was quite interesting. He knows, as this committee knows, that the reason why we are able to supply more pork products to the United Kingdom, the greatest market in the world for pork products, is that Denmark is unable to ship now to the British isles. Poland, which took second place, is now unable to ship to that market, and the same is true of the Netherlands. For the last decade they have found it difficult to get their products into the United Kingdom. It was my privilege to be in Rotterdam less than a decade ago, and when I went to the steamship office and asked them to change some pounds, shillings and pence into guilders, speaking perfectly good English the man in the exchange office complained to me most bitterly, when he found that I was a Canadian, that we had stolen their market in the United Kingdom for the dairy products of the Netherlands. That was what he complained about while he was making change for me. There is the answer, and I cannot understand just why the minister should give us again one of those Napoleonic orations, slipping from eggs over to pork, picking out the choicest morsel, and discussing our exports of these commodities. I do not know why he should feel disposed to address us in the way he did—those of us who have asked questions in this house or made suggestions which we have felt to be constructive. Why should he put upon those questions or suggestions the construction he does, implying that hon. members who do this are not doing all that they can. He is wrong in that regard, Mr. Chairman. We, too, with him and with all the farmers of Canada, are trying to do a job not only on our own behalf but on behalf of our empire in seeing that they have more and more supplies. How they will get more and more supplies by our spending $35,000,000 more for the purpose of making land black on the first of July, I do not know. I know it is not to our advantage to make the lands in the west less productive. On my own farm, which has been producing fruit and vegetables, I found last Sunday that the land was entirely seeded down in mixed grain, and I found four able-bodied citizens, ordinarily resident on that farm, working in munitions plants at fifty cents an hour. That is taking up the

slack that is produced out west. In the long run the policy there will not make for greater supplies, not only to Great Britain but to the whole civilized world when the conflict ceases. I say to the minister: Use your $35,000,000 to pile up more and more of the gold, the gold being wheat. The minister says that wheat will keep; I say that it will keep. I must sit down now, because my hon. friend the member for Comox-Alberni (Mr. Neill) kindly gave me just three minutes. He wishes to speak, and I shall have to stop, but I hope that when the minister rises again we shall have a reply to the observations that have been made with regard to eggs and fruit and more particularly the observations of the fruit man from Fraser Valley, the hon. member representing that constituency.

Mr. NEILL: It gives me great pain to have to differ with my hon. friend who sits next to me (Mr. Harris). I differ with him in his estimation of the minister's speech, and I am afraid I am compelled to state that in my opinion he was a little off with regard to the demands of the hon. member for Fraser Valley (Mr. Cruickshank). That hon. member did not mention fruit; he mentioned eggs. I would explain to the committee the advantage of the trade that has been built up, started some years ago—by the present government I think—in the processing of fruit for shipment to the old country. There was a large surplus of small fruit, such as raspberries and loganberries, which would have been a dead loss but for the discovery of this method of processing it. They do it in sugar and it will keep a long time; they can ship it to the old country more or less in bulk. I hope that trade will be encouraged and supported by the government. What I was going to begin my remarks with, however, was to say that although this is late in the session and I know that language is unwelcome and words are a weariness to the house, I should like to thank the minister for his dissertation, as my hon. friend called it, or statement. I thought it was a very fine statement. Few men in this house are equal and none is superior to the minister in ability to make a statement of that kind. There was no claptrap about it, and above all, although he mentioned the war and talked about our responsibility in connection therewith and the duties that rest upon us in that connection, there was no suggestion either inferentially or directly, such as we have too often had, that if we ventured to disagree with or criticize the methods he was proposing we thereby showed ourselves disloyal or were guilty of holding up the war effort. I am tired of these suggestions, whether implied or direct. I was glad to hear the minister give his capable explanation, covering the whole ground for which his department is responsible from east to west and giving us what I thought was a clear and useful exposition.

Coming back to the hon. member for Fraser Valley, I came into the chamber last night just as he was finishing or was interrupted, being told that he was making his remarks on the wrong item and would have an opportunity to-day. It was in my mind to support him by what local knowledge I have of the matter; but when I came to look up in *Hansard* what he said, as reported at page 3451, I found he had made an excellent statement, so that I need do no more than say "them's my sentiments". He was dealing with eggs and the condition of poultry-keepers in his district. I, too, am familiar with the subject because I used to be in the feed business in a district where many people went in for chicken raising. They nearly all went broke, and a proportion of them, I am sorry to say, left an unpaid feed bill. When we talk about going into eggs in British Columbia, we do not mean keeping fifty or 100 hens round the back door, fed largely on table scraps, which is the best of all feed, but which we cannot obtain in quantities. Keeping hens in that way is always profitable; any one can show a profit on fifty hens; but when you try to do it on 5,000, when everything has to be bought, it is a different matter. The big egg people in British Columbia almost invariably find it a failure for that reason. You can go along road after road and see places that have been abandoned.

The hon. member for Fraser Valley spoke about the price of eggs; I presume he knew what he was talking about when he quoted figures. He said that the average price last year was 16¾ cents a dozen. If that was the average price, it means that the low price was very much less, and that eggs could not be produced in that province, where all the feed has to be hauled in from the prairies at a very high rate, an improperly high rate, and the eggs shipped back to the eastern market at another very high rate, at anything like that price. The hon. member for Fraser Valley said:

> I should like to know whether any provision is made therein to see that the poultry producer in British Columbia, who must be guided in his prices by the export market, will be protected in exactly the same way as the apple grower and the butter and cheese producer.

That is, will he have a guaranteed minimum price? That is what he would like to know and what I should like to know. They have done it for the munitions factories, guaranteed not only wages but a fair profit. Nearly the whole lobster catch was taken over by the

Minister of Fisheries, and he did well with it, almost made it pay, a remarkable thing for a government department. Wheat has been treated generously; a minimum price has been fixed for butter, the same for cheese and the same for apples. Why is it that this one industry, outstanding among all the rest, is left without any protection of that kind? We are aware that the British market is in great need of eggs. As the hon. member pointed out last night, the ten per cent or so sold in outside markets governs the domestic price. As he pointed out, we say to the Ford Motor company and these big munition makers, "We will guarantee you not only expenses but a fair profit." Is it not fair to say to the egg producer, "We will guarantee you a fair return on the commodities you produce," which are so badly needed?

The minister spoke at some length and with great clarity as to what he or the government had been able to do in the disposal of eggs last season. He evidently did the best possible under the circumstances. But what we should like to know is, what price are we going to get for them? They have been disposed of, yes; but what is the use of raising them to sell at a price below the cost of production? As I said, you can keep two or three score hens and make them profitable; but when you get into the larger numbers, you have to have the money coming in to pay for the feed, which has to be brought in from the prairies at a rate about half as much again as it should be and half as much again as is charged for export to China or the British empire. The export rate is much lower than the domestic rate. It does not seem fair or just that when the railway hauls a carload of No. 1 wheat from Calgary to Vancouver for export at a certain rate, I think it is twenty cents a hundred pounds, yet it is entitled to charge forty cents, now cut in some instances to thirty cents, for identically the same wheat for the use of British Columbia industry. It does not make sense.

I should like to have an answer to the question. Why is it impossible to peg the price of eggs? Is it lack of money? No; we are dealing in millions; it cannot be that. Is it lack of interest? No; it cannot be that; the minister has taken an interest in the disposal of eggs. Is it lack of unity among the farmers? Is it the age-old antipathy of farmers to cooperation? If they were to form a union, perhaps they would be listened to, but we are foolish enough to divide our influence between Liberals, Tories, C.C.F.'s and so forth. If the egg producers would get together and demand their rights, they would probably be listened to with greater attention.

[Mr. Neill.]

We want, do we not, to preserve this industry to produce this greatly needed food for Britain; we want to keep up an industry by which numbers of our people can live; but if something is not done, they will be put out of business. It seems to me an unanswerable proposition. The government have taken care of all these other people, the lobster fishers, the producers of cheese, butter, apples, all except the egg producers who are left to sink or swim, and I am afraid they are going to sink.

Let us give to the government the credit that is coming to them. A few months ago they did use their influence to get the railways to put in a considerabe reduction in the rate on No. 3 wheat and better. We were running short of the lower grades and were not allowed to ship the higher grades under the lower rate. The government did help us there, and for the moment we are allowed to put in higher grade wheat at this medium rate which, however, is still much too high. But that is not sufficient. They made an offer to the eastern provinces to pay half the freight rate on the lower grades if the province would pay the other half, but the British Columbia government did not have the gumption to follow that up. Instead, they got this temporary and rather illusive advantage of having Nos. 1, 2 and 3 grade wheat included in the lower rate. There is plenty of No. 4 wheat still on the prairies, and therefore this rate really does not do us much good. Is the minister going to help us? I do not speak for myself because I do not own a hen, I would not if I had the opportunity; I speak on behalf of the people who are trying to make a living raising chickens, in the constituency of the hon. member for Fraser Valley, New Westminster and some other ridings on the lower mainland and also parts of Vancouver island. I would just say this. If the minister does not do something for the British Columbia poultryman, he is going to have to go out of business.

Mr. GARDINER: Just in case I forget this later on, I should say that in addition to securing a reduced rate on feed, the government took up with the railways the question of getting a reduced rate on export eggs, and some reduction has been made. I am not able to give the reduction at the moment, but I just wish to make that statement now.

Under the arrangements now being made, the price paid for eggs varies from about sixteen cents to twenty cents a dozen. I quite agree that this is not a sufficiently high price to satisfy those who are producing eggs, but that is the price being paid under the arrangements I mentioned earlier this evening.

Mr. NEILL: What was the price?

Mr. GARDINER: From sixteen to twenty cents, depending upon the part of Canada in which the producer lives. As to why eggs have not been dealt with as some other products have, I would remind hon. members that only a very small percentage of our eggs, either before the war began or since, have gone to Britain. I should think that percentage would not be more than one per cent before the war, and perhaps a little more than that since. On the other hand, we have sent 70 per cent of our cheese to Britain and 64 per cent of our pork products; about 70 per cent of our wheat has been going for export, although not all to Britain, and about 50 per cent of our apples went to Britain before the war.

In the beginning we tried to deal with those products which had been most affected by the war; and, as I stated on a previous occasion, we tried to deal with the products the market for which had been destroyed by the war. The first two products were tobacco and apples. We did nothing with regard to tobacco, except to induce Britain to take some of it. We did something with regard to apples and other similar products. Then we tried to increase the return to the growers. One hon. member said to-night that I had dealt with the wheat problem in a fine way, from the point of view of the wheat growers. The wheat growers do not have that opinion. They believe, as a matter of fact, that since 1938 we have lowered the price of wheat, and that is so. In 1938 the price of wheat was eighty cents; it is now pegged at seventy cents. In 1937 the pegged price was 87½ cents. We have not pegged the price of wheat at that height since the beginning of the war, and since 1938 we have been asking the wheat grower to put up with conditions more difficult than those which existed before the beginning of the war.

Mr. FAIR: Why?

Mr. GARDINER: Largely because of the great surplus of wheat I mentioned in the beginning, which makes it impossible for the government to do otherwise at the moment, not because that is our desire but on account of the great surpluses which have been piling up.

To come back to the question of eggs, there is still only a very small proportion of our egg production going to Britain. We have not been letting this matter go without giving any thought to it, but I really believe eggs are in a different class from that of some of the other products. Particularly is that so for this reason, that probably we should find some way of basing the price of eggs in Canada upon the consumption of eggs in Canada rather than upon the consumption of eggs in Britain. It appears to me that the price of our eggs up to the present time has been pretty well fixed by what we could get for the small surplus that we have been sending out of this country.

I am sure the hon. member for Comox-Alberni will agree that it would not be the easiest possible thing to fix egg prices in this dominion, where distances are so great and conditions vary so much. In British Columbia they feed and house their chickens as they should be fed and housed. On the prairies we let them run wild and feed them not only on what is left from the table but very often on grasshoppers, which do not make the flavour of the eggs very enticing. People are not inclined to eat a second "grasshopper" egg if they can avoid doing so. In Ontario there is not the same care taken in the feeding and housing of chickens as in British Columbia. I travel in Ontario quite often, and I find that most of the chicken flocks in this province still have the run of the farms, and one cannot produce good eggs with the hens running all around, picking up anything they can find to eat. In the maritimes there is probably a little more care taken in connection with poultry. Therefore it is not the easiest thing to regulate the price of eggs in a country like Canada. We might be able to handle the situation as it exists in British Columbia and in the extreme east; but the man in the middle west, who just lets his hens run wild and regards whatever he gets for the eggs as something extra, presents a greater problem, and it is difficult to control the prices of eggs under these conditions. We have, however, given the matter considerable thought, and we hope to arrive at some conclusion which will be of greater help than anything we have been able to do up to the present.

Mr. BLACK (Cumberland): I am somewhat at a disadvantage in taking part in this discussion because I have been attending a meeting of the war expenditures committee. I am glad some concession has been given the poultry raisers of British Columbia with regard to the freight on feed grain, but I should like to ask the minister why nothing has been done along the same line for the people of the maritime provinces. The government and agricultural societies of Nova Scotia have been appealing to the federal government for a considerable time for some concession which would enable the surplus feed grains of the

prairie provinces to be delivered to the stock feeders and poultry raisers of the maritime provinces. Up to the present time, as I understand it, the department has been unable to grant this concession, but we are still hoping that something may be done.

Mr. COLDWELL: I thoroughly endorse what has been said as to the necessity of fixing egg prices. We have heard of eggs being sold for sixteen cents a dozen, but in some parts of Saskatchewan during the month of April eggs were selling at ten cents a dozen, and I know of one point where eggs were sold at three dozen for a quarter. This indicates how necessary it is that we should do something for those producing eggs. On the other hand, however, I agree with the minister that we must consider the needs of our friends across the ocean, and I believe he is encouraging the production of those goods that are considered most necessary at this time. In all probability we shall be called upon to send bacon and other foodstuffs to Great Britain in ever-increasing quantites as the war goes on and the shortages over there increase.

The hon. member for Danforth seems to believe there is some prosperity in Germany. As a matter of fact, if there has been any improvement in their standard of living lately, it is because the nazis have plundered all their neighbours, which, of course, is one way of solving their problem and raising their standard, if it has been raised, which I doubt very much. German standards have always been much lower than those of Great Britain, of this country and of other parts of the democratic world. But that does not meet the problem which was raised by the hon. member for Fraser Valley, namely, what are we going to do with large quantities of fruit that are being produced in Canada from orchards which are well established? We cannot continue processing apples, and building up large reserves of dried fruits and apple juices.

To my mind, however, a great deal might be done along the line suggested by the hon. member for Mackenzie. I am of opinion that eventually the war will be won by the nation which can maintain the best morale, and that it is essential that in our country the morale of our people should not only be maintained but be raised considerably. One of the ways in which we can raise the morale of our own people is to give them better and more food. We know there are certain vitamins in fruits which have been found actually to improve morale, and to enable people to withstand shock which otherwise, without these vitamins, they would not have been able to withstand.

So far as sending fruit to Great Britain is concerned, as was suggested by the hon. member for Danforth, I am afraid the shipping situation makes that practically impossible. There are some of us in the house who have relatives across the seas, and who from time to time have sent parcels of food and parcels of canned fruits, through the Dominion Canners—and quite economically, incidentally—to our relatives or friends in Great Britain. I understand, however, that that is now to be cut off. It is to be prohibited, so that an individual cannot send even those canned fruits we have been sending over in the past year or so. The reason is that there is a lack of shipping space.

Consequently we are going to have much greater difficulty this year than we did last in dealing with our Canadian fruits. There are thousands of people in Canada who could do with a better diet, with greater variety, and with more fruit and fruit juices. In a country in which are grown large quantities of fruits, it lowers the morale of the people when they learn that these commodities are being wasted or are allowed to rot, as apples and other fruits and vegetables have rotted in the last several years at a time when many were in need.

I have before me a chart prepared at one of our Canadian universities, and I must confess I had not quite realized the situation myself, despite the fact that I had gone into many figures dealing with social conditions. Looking at the chart, I find that of every ten persons over seventy years of age in Canada, four and a quarter—if I may put it in that way—are receiving old age pensions. That is to say, they have to live on incomes of from $200 to $365 a year, or $1 a day. In the two prairie provinces of Alberta and Saskatchewan, six out of every ten persons, or 60 per cent of all people over seventy years of age, have already applied for and are receiving some assistance under the Old Age Pensions Act. I may say for the benefit of some of my hon. friends from New Brunswick, who may not have seen a similar chart, that in their province the situation is slightly worse than the one I have described in the two prairie provinces.

The same condition affects the foods the people are buying, and the incomes with which they have to buy them. In order to secure a liberal diet on the basis of 1940 prices in Montreal, a family of five would need an income of $1,400 a year—and that is a very modest income. Out of that they would spend $11.43 a week for foodstuffs. But a vast majority of our people in Canada have not incomes of $1,400 a year, and as we go

down below that figure we reach a point which does not permit of decent health standards. It seems to me that when the hon. member for Mackenzie suggests that some system of distribution might be worked out to apply to fruits, and other palatable and vitamin-bearing foodstuffs, to supplement the diets of the lower-paid wage-earners, the aged people and the children, he is on the right track. We should be considering this as a marketing problem. True, it is not a problem which will bring a profit to the government; that is, a profit in money, expressed in terms of dollars and cents. But it is something which will bring to the government a great deal of profit by way of improved morale and improved physique. We know now what we did not know before, that those terrible years of relief, starchy diets and low levels of subsistence did cause a great deal of havoc among our youth. We know that, because when we were perhaps more particular than we are now as to the type of physique we recruited for the army, large numbers of men were turned down on account of physical unfitness.

As I said at the outset, I believe that this war is going to be a test of endurance. If it is to be a test of endurance it is also going to be a test of morale. One way of keeping up the morale is to see to it that our people enjoy some of the fruits we are able to produce in abundance in this country.

One other point I would make about marketing, and it is this: I thoroughly agree with the Minister of Agriculture that we cannot continue to pile up vast quantities of wheat. But I believe, too, that wheat and other foodstuffs may yet be a very important war weapon. I believe that the fact that we have these large accumulations of wheat and of other foods in Canada, and the fact that we can tell the people of Europe that the moment they are able to cooperate with us in any way to overthrow the dictatorial powers, we can feed them, and feed them abundantly, may yet be the trump card in the winning of the war.

I am not alarmed when I see these large piles of wheat, provided we carry it over in the right way, and do not expect the man who produced it to carry the entire load. That is not fair or just, when that wheat may, as I say, be the psychological factor which will be of great benefit to the whole nation in future years. I do not believe that Canada, Great Britain and the United States—although the United States is not yet officially in the war—have used sufficiently this abundance of foodstuffs, as a weapon of propaganda. I have said before that I frequently listen to radio talks in English broadcast from Berlin and Rome. They are clever—diabolically clever. I believe that we are not sending out enough propaganda of the right type. We know perfectly well that the people of France, Belgium and other occupied countries have been reduced to a very low standard of living. We should be telling them that we can feed them, if they can cooperate with us, and achieve victory.

Of course I think we should also let them know that it is part of the nazi and fascist systems to underfeed the people outside the German reich and thus to control them easily. We ought to engage in propaganda to encourage the oppressed peoples to look forward to the time when they will be able to cooperate with us in overthrowing those who, if victorious, will keep them permanently underfed in order that they may be permanently under control. As I say, I think charity begins at home. I use the word "charity" not in the colloquial sense but in the real meaning of the word. If you like, love begins at home. During the next three months we ought to devise ways and means to cope with the abundance that providence may give to us this autumn of fruits and other commodities that we cannot export and yet must grow because we cannot destroy our orchards. In that way we can give our people better food and thus maintain and improve their physique and morale. I suggest that the minister should consider this in connection with marketing plans.

I have one other observation to make which is not quite as pleasant. This has to do with the marketing of grain. I have been told—and perhaps the Minister of Agriculture or the Minister of Trade and Commerce have heard this—that as many as a hundred operators on the grain exchange are being given a certain amount of business of a speculative type, namely, by spreading options from one month to the next. This is just enough business to allow them to make $150 or so a month. This may not be true, but some of our farmers believe that it is true. This sort of thing, if true, tends to undermine the confidence of our people in our government. If grain brokers are no longer required, they should not be put on relief at the expense of the agricultural industry, especially at a time when many think that the grain exchange should be closed.

Mr. HATFIELD: I wish to protest against the importation of small new potatoes from the United States. Hundreds of cars of Alabama and California new potatoes came in during May when our potato growers were selling their potatoes at less than half the cost of production. These United States potatoes are of a grade and size which our growers are not allowed to market in Canada.

Foreign exchange is being used to bring in these potatoes. An order in council was put through on March 25 which was supposed to cure this condition, but it did not. They changed the grade from U.S. grade 1, size B, to U.S. grade 1, size A, but a proviso was included that until August 31 inclusive in each calendar year a minimum diameter of $1\frac{7}{8}$ inches was the only size requirement for new potatoes. The United States have new potatoes all the year round, and therefore small potatoes can be shipped in here any month of the year.

Mr. TRIPP: I am sorry the hon. member for Rosetown-Biggar has left the chamber. When he was talking about vitamins or the sources of vitamins, I should have liked to suggest to him that he would better have considered the fish on our eastern coast. Ten times the amount of the proper vitamins can be obtained from ten cents worth of cod-liver oil as can be obtained from ten cents worth of fruit juices.

Mr. BLACK (Cumberland): I have not received an answer from the minister to my question as to why the maritime provinces have not been given the same concessions as have been granted to the poultry raisers of British Columbia in connection with freight rates on grain for poultry feeding.

Mr. GARDINER: In all the discussion I forgot the hon. member's question. Last winter the eastern provinces, particularly the maritimes, asked us to give some assistance in the bringing of feed grains from Fort William. A little later on, the provinces of Quebec and Ontario became involved in the discussion. In the first instance we did agree to pay half the freight on feed grain from Montreal to the maritime provinces, but that was not considered satisfactory. The other two provinces were brought into the discussion, and we finally offered to pay the freight on feed grain from Fort William to all the five eastern provinces. After we had made that offer, much to our surprise the only province that took it up was Ontario, which perhaps needed it the least. They took 3,200,000 bushels and an additional sixty carloads. Before they could stop buying, they had another sixty carloads, and since no one else had come in we extended the offer to those sixty carloads. The other provinces came to the conclusion that it would be better policy for them not to take advantage of the offer. Probably, if we had agreed to pay all the freight, or if we had agreed to enter into an arrangement by which they could charge half the freight to the farmer, they would have accepted. We took the position that the intention was to give the farmer cheaper feed and to make feed available to him on the same basis as it was available in the other provinces. We thought that anything which was allowed should be paid by the governments and that the farmers should get the full benefit of the price, less the freight. It was left in that way, but the other provinces did not take advantage of it.

Mr. BLACK (Cumberland): What about the concessions on grain for poultry purposes to British Columbia?

Mr. GARDINER: That rate aplies only to British Columbia. Freight rates generally are dealt with by the transport board, and I understand that the position always taken by that board, as it was taken by the old board of railway commissioners, is that they will not set up any rates for any particular section of Canada which discriminate against any other section. When rates were established as between the prairies and British Columbia, the fact as to whether there was discrimination was taken into consideration. In connection with the shipment of grain from the prairies to the maritimes we went first to the transport board, and they took the position that they could not give a special rate for the maritimes without discriminating against the provinces in between. They finally took the position that they would not give a special rate even when all five provinces were being considered, because there would be some discrimination. After that decision had been given, we agreed to pay half the freight. We said to the provinces that we were quite prepared to pay half the freight provided they could get the railways to take part of the other half and then they take what was left. They again went to the railways, and the same position was taken, that there would be discrimination and, therefore, they would not reduce the rates.

Mr. FAIR: A short time before I left old Ireland to come to Canada, one of my neighbours who was a farmer thought he would wean his dog off eating, and he succeeded in doing that, but the dog died a few days afterwards. I think all will admit that that is a mean trick for anyone to try. Having listened, however, to the hon. member for Danforth, and also to statements of the policies of ministers of agriculture for the last number of years, not alone in the Liberal government, but in the Conservative government as well, I feel that they have been trying to wean the dog off eating, because the policy pursued by both those parties has been to starve out the farmer. I do not know whether in their opinion it is sound or sane business, but to my mind it is insane business. No country can survive unless its farmers are prosperous;

and I might suggest that they should do what has been practised by a number of other industries in Canada for years past. If farmers were organized as they should be, they would be able to demand and obtain their costs of production plus a reasonable profit. If they did not get that cost and profit, they would do what the industrialists did in August, 1939, shortly before the war started; they would go to the government and demand certain things, and they would have their demands granted, as the industrialists did when they had their profit restrictions removed by orders in council which were imposed by parliament only that spring.

I am not going to suggest for a moment that the farmers go on strike at this time, but I would assert that, if they did so, they would be doing only what other interests in Canada have done in years past, and, perhaps, would do yet if their requests were not met.

The Minister of Agriculture has admitted on several occasions that we as farmers are entitled to better prices for our products, and says that the reason why we are not getting better prices for those products is that there is a surplus. If industry had a surplus of aeroplanes, Bren guns, ships or anything else, I wonder whether they would give them away at half the cost of production. They would not; they are too well organized and have too much control over governments to-day to do anything of that kind. But because farmers are unorganized, and, many of them, underfed, they are easy to control. For the past number of years, as far back as I can remember—thirty years at least—we have been controlled because we are underfed and are not able, owing to conditions which have been imposed on us and which we are not organized to fight, to demand the rights which properly belong to us.

Time after time in this house I have heard the Prime Minister and other hon. members plead for Canadian unity. They have declared that we must have equality of sacrifice. I ask the Minister of Agriculture and other ministers who are on the front benches to-night, is there an equality of sacrifice, and are all the industries in Canada treated alike? Inevitably the answer must be, no, the farming industry is being sabotaged and sooner or later must go down.

Since I came to the house we have presented arguments supported by figures issued under the authority of the government, to establish the truth of what I have said. I have no doubt that the government has sufficient evidence from every corner of this chamber to prove that we are not getting a square deal. The other day I quoted figures of wheat prices between 1926 and 1929. Upon the basis of that period, labour and industry alike are living under conditions equal to those which prevailed at that time. I quoted figures to show that if the farmers were paid on the basis of the average obtained for wheat at that time, we would be getting $1.35 a bushel. Instead of that, we receive 70 cents basis No. 1 northern at Fort William.

Advantage is also taken of the farmer in the matter of grades. I know of instances where wheat which graded No. 1 northern when threshing commenced was later brought down to No. 3. Nothing was done about the matter; the farmer had to take the rap. Such conditions should be remedied. Perhaps part of the poor success of our recruiting is due to some of the deals which have been handed out to the farmer.

To keep people underfed is to keep them under control. Something will have to be done. We must have forward-thinking people at the head of the government, men of progressive minds who will figure things out from the long-range point of view. The government travels just as fast as it is pushed.

The CHAIRMAN: Order. I would draw the attention of the hon. member to the fact that the item before the committee is marketing. The policies of the government on wheat are not involved. The item before the committee is marketing, and the particulars in connection with it are to be found on page 68 of the estimates. The hon. member is in order when speaking on that subject, but not in reviewing statements which, to use his own words, he has already made.

Mr. FAIR: I am discussing conditions in connection with marketing.

Mr. GARDINER: Might I further call attention to the fact that the marketing of wheat is not under the Department of Agriculture at all; it is under the Department of Trade and Commerce, and the proper place to discuss it is on the estimates of that department.

Mr. FAIR: Mr. Chairman, that is just a side-line. We shall have a chance to discuss it later on. But—

The CHAIRMAN: The hon. member is out of order.

Mr. FAIR: I say that the marketing of wheat has been discussed by other hon. members, and not a word was said against it. That is not fair.

The CHAIRMAN: I thought it was Fair.

Mr. FAIR: Yes; Fair is speaking, but he is not getting fair treatment, because on

different occasions I have been ruled out of order when I tried to answer questions raised by other speakers. I do not think that is fair.

Mr. FULFORD: Are you Fair?

Mr. FAIR: Yes, I am Fair. I am not to be kidded, anyway.

The CHAIRMAN: This should bring to the attention of hon. members the difficulties into which the chairman falls when he gives latitude and the rule is not strictly adhered to. It appears that when I was away from the committee the discussion was broadened, and when I came back I noticed that hon. members were not talking to the item. But we must draw the line somewhere.

Mr. FAIR: Mr. Chairman, I appreciate your position, and I know that hon. members, including myself, have got out of bounds, but it is not fair that I should be singled out rather than anyone else.

The CHAIRMAN: The hon. member is the last one to whom I would not be fair.

Mr. FAIR: I should have the same rights as other members.

I have here a statement of the United States programme in connection with the production of foodstuffs. Perhaps I had better read this. This is production, not marketing, but I come to the marketing part in the same article:

> Under the expanded programme, and . . . assuming continuation of existing price relationships and taking seasonal price variations into account, the department will make purchases in the open market to support long term prices (Chicago basis) at levels approximately as follows: Hogs, cwt., $9; dairy products (basis of butter, lb.), 31 cents; chickens, lb., 15 cents; eggs, doz., 22 cents. It was pointed out that these prices would be subjected to the customary commercial differentials for market grades and qualities.

As regards eggs, somebody has raised the question, and it may be in order to make one brief protest. I understand that the grades are not what they should be. The price per dozen is raised, but the grades are being changed sufficiently to keep the price down. Possibly more will be heard on that point when the question of egg production comes up on a later item.

I do not know that there is much use in saying any more. The government has got a programme, and apparently it is going to follow it out, with the result that it will sabotage to a considerable degree, as it has done in the past, the industry of agriculture.

Mr. PERLEY: I did not intend to speak on this item. I have been waiting to discuss another subject, but I thought I would point out that this whole discussion has been out of order for an hour and a half, although I have been ruled out of order on two or three occasions recently. Even to-day, when I undertook to discuss a certain question on a bill, the minister suggested that it would be better for me to leave the matter until we came to item 29. Yesterday I was ruled out of order on the question of production. This discussion on marketing has been out of order to-night. Last night one or two hon. members switched to a discussion which they thought they could carry on, but they were ruled out. The minister has been the chief transgressor. He gave a careful and interesting outline of the situation with regard to markets in Britain, and he covered everything. He covered item 26 and item 24; he spoke about the bonusing bill; he referred to summerfallowing; he discussed the advertisements discouraging the growing of more wheat; he mentioned butter, cattle, cheese, hogs and feed grain—and all this under the question of production. He might have told us what will be done with feed grains this year, because the Minister of Trade and Commerce has tabled an order in council which practically makes it impossible for the farmer to do anything this year except under the most drastic conditions. The minister covered a great range of subjects.

Mr. McNIVEN: He did it satisfactorily.

Mr. PERLEY: Yes; I do not deny that he did. No one is better able to do it than the minister. He said that the one industry which was in a position when the war broke out to produce the materials necessary to assist in large measure in winning the war was agriculture. I suggest that it would be well if he would do something to make it possible for the farmer to receive for his products a price bearing some favourable comparison with prices paid for other commodities. I am not going to take up more time now. I agree with what the hon. member for Danforth said. The condition in Great Britain with regard to bacon and dairy products is attributable largely to the war, although the minister has boasted about increasing our exports of these products to that market. Of course, it is a splendid thing that we are able to supply these products, and the farmer will do his part to produce the necessary commodities from time to time and to continue producing, even at a loss, for the purpose of winning the war. I rose at this stage merely to lodge a protest, because, as I say, I have been ruled out of order several times in the last week, and to-night this whole discussion, for at least an hour and a half, has been altogether out of order.

Mr. GARDINER: All hon. members will recall that some weeks ago we gave an undertaking to certain hon. gentlemen that in view of the fact that we wanted to wind up the discussion on the wheat acreage reduction, we would permit, under this item, the discussion of the question which the hon. member for Lambton-Kent raised to-night. The discussion was out of order, but that undertaking was given. That is one reason for the discussion that took place to-night.

Mr. PERLEY: Do I understand that any one of us who wished to ask questions about wheat acreage reduction should have done so on this item?

Mr. GARDINER: No. I would suggest that there is an opportunity for discussing the administration of it under the estimate having to do with prairie farm assistance. However, we said that we would give an opportunity to those particular members to discuss the question on one of the administration items in agriculture, and the only administration item was this one under marketing.

Mr. PERLEY: I myself was waiting to speak on item 30.

Mr. GARDINER: The discussion on corn was carried on for the same reason.

Mr. RICKARD: When the committee rose last night we were discussing apples, and I wanted to say a few words on the situation in that regard. I congratulate the minister and the department upon what they have done for the apple growers of Canada. The attitude they have taken towards marketing and control of apples in the dominion has been a wonderful thing for the producers. Without that assistance it would have been difficult if not impossible to market our apples owing to the loss of the export market. The government have spent many thousands of dollars in advertising. In fact, not only governments but cooperative fruit growers associations have done so. I hold in my hand one advertisement in the form of the picture of an apple. It is a good apple too. We are told to eat more apples, that apples are good for the health, and so forth. During the past few weeks I have visited some of the camps throughout the country, and I must say that the apples used there are a long way from the sort of apple depicted in this advertisement. I understand that these apples are domestic grade. There is a great difference in domestic grades, and if we are simply to accept anything as domestic grade, we are going to get down to rather poor apples. When two and a quarter inch apples are allowed to go into domestic grades, and the apple has spots or fungus the size of a five cent piece, although it complies with the law as a domestic apple, we are a long way from the sort of thing we are advertising. My contention is that if we advertise apples in this way we should try to give the people a product that more closely resembles the thing we advertise. In our county there is a difference in the grading of domestics.

The CHAIRMAN: Order. I am sorry, but I cannot see the relationship between the item under discussion and the question of grading apples, unless there is something which has escaped me. I am afraid that the discussion is out of order.

Mr. RICKARD: I understood that we could discuss these matters on item 20.

The CHAIRMAN: We are on item 22, and apples would come under fruit and vegetables.

Mr. RICKARD: I suggest that it might be just as well to dispose of the question now. What I was saying was that if we are going to advertise our apples in this way we should give the people what we are advertising or something near it. In our county a great many growers sell their apples as domestic. There might be forty or fifty per cent No. 1 in them, and the people who buy a hamper or a barrel of those domestic apples get a good grade. But when we grade them as the law says down to a fair domestic and take all the good ones out, which they are doing and selling them to these camps, I think we are getting down where we shall not be advertising our apples in the right way. There seems to be a lack of inspection on the part of someone in allowing this grade of apples to be sold. I saw in some of those camps apples that were not No. 3s by any means. I had one inspector go and look at some—

The CHAIRMAN: Order. Unless the committee is willing to take items 26 and 22 together, I shall be in trouble with my own ruling if I allow the discussion to go on along these lines. Is it the pleasure of the committee to take at the same time items 22 and 26?

Mr. GARDINER: Agreed.

The CHAIRMAN: Carried. All right, carry on.

Mr. RICKARD: I was speaking about the grading of apples. If we are going to sell our apples we should sell them in accordance with our advertising. I was at some of those camps and saw apples that were not No. 3, and the inspection must have been very poor to allow those apples to be sold. We are

paying inspectors; we have quite an inspection service; we have a fruit branch that is supposed to look after these matters. But as an apple grower I do not think we are doing justice to the business in allowing this kind of apples to be sold. I pass this information on to the minister, for I know I would not be allowed to send them out of my orchard. I understand that these apples are put in cold storage, bought from some cooperative concern, and I cannot understand why they were allowed to go into that cold storage plant, or allowed to get into the camp. We have inspectors; they are well paid; if we have not enough, let us get more, and control this thing.

I also want to congratulate the department upon what they have done for the apple grower.

Mr. FRASER (Peterborough West): The minister mentioned dehydrated apples. What is the surplus of dehydrated apples now?

Mr. GARDINER: I have not the exact figures as to what we have left, but the amount is getting very low. We have no great quantity left.

Mr. FRASER (Peterborough West): I do not believe there is one woman in twenty-five throughout Canada who really knows what can be done with dehydrated apples. Some different advertising should be done in regard to the matter, because dehydrated apples will make much better apple pie or apple sauce than fresh apples.

Mr. RICKARD: I do not agree.

Mr. FRASER (Peterborough West): The apples which the hon. member mentioned are put in storage for some months and then they have not the flavour. I agree, however, with the hon. member with regard to the grading of apples. In Peterborough county I do not think one can get a decent apple at less than sixty cents a peck after October 1, and they are not properly graded at that. That is why people are starting to use dehydrated apples.

Mr. EDWARDS: In the details given on page 68 of the estimates under "marketing service", I see two home economists and one assistant demonstrator and lecturer. What are the duties of these persons, and how do they contribute to the marketing service?

Mr. GARDINER: Their work is to provide recipes and so forth, to overcome the very difficulty mentioned by the hon. member for Peterborough West, namely, to teach women how to use dehydrated apples. We could use half a dozen more of them to good advantage but did not think it wise to spend the money at the present time.

[Mr. Rickard.]

Mr. EDWARDS: That raises a question which I think is of vital importance. We are dealing now with one of the primary industries and primary products of Canada. If secondary industry finds it expedient and advisable to have a merchandising service and actually goes out and demonstrates the value and usefulness of its products, then it seems to me that this department might very well adopt those methods which have been found efficient in the promotion of the use of the natural products of Canada in their natural state. We are all familiar with the methods adopted even by manufacturers of chewing gum in demonstrating the uses of the article. Nearly every successful manufacturing industry in Canada has found it profitable and expedient to increase the consumption of the product or service which it is purveying by actually getting out and selling or merchandising that product or service. We had one example two years ago of what this department can accomplish in "selling" to the Canadian people, our own home people, the value of the Canadian apple in its raw state. We are all familiar with the satisfactory and gratifying result of that in increasing the use of our apple crop.

What disturbs me—I referred to it once before—is that there seems to be a tendency to do the very opposite of what successful industry and commerce do when faced with a similar situation; that is, instead of expanding our appropriation for advertising and demonstrating the value and usefulness of the commodity, the department is spending less money. The minister has said that we could profitably use half a dozen more demonstrators. If, by the employment of six or eight or ten or twenty home economists—

The CHAIRMAN: Is the hon. gentleman speaking to item 28 now?

Mr. EDWARDS: No; I am speaking to item 22.

The CHAIRMAN: There is no decrease in that item.

Mr. EDWARDS: The minister has just stated that the department could use six or eight more home economists and demonstrators in connection with the marketing services, and it is my suggestion that instead of contracting our expenditures in connection with the merchandising and marketing of agricultural products in Canada, we could and should increase our appropriation for that purpose.

Mr. McNIVEN: I was surprised a few moments ago to hear the hon. member for

Qu'Appelle state that during the last couple of days he had been called to order on more than one occasion. I can scarcely credit that statement, for in the course of his remarks during the last few days I have heard him express greater approval of the policies of the government, and a greater degree of confidence in the Minister of Agriculture, than in the last five years. So eulogistic were those references that I quite anticipate that during the summer months the hon. member for Qu'Appelle will be going through the constituencies of Saskatchewan expressing sentiments similar to those which were expressed to me by a former confrere of the hon. gentleman, the late member for Parkdale, whom we all respected and admired, who told me that he thought the present minister was the best Minister of Agriculture Canada ever had.

Mr. PERLEY: To what item is the hon. member referring?

Mr. McNIVEN: I am marketing the Minister of Agriculture. Under this item of marketing I should like to bring one matter to the attention of the minister. In British Columbia, under the provincial marketing act which has been declared intra vires by the courts, they have set up either one or two companies which control the fruit industry of that province. There is a monopoly, which is subsidized by the dominion government, particularly in connection with apples, to the extent of $1,750,000. That monopoly is further protected by the difference in freight rates; by the usual rates of duty that obtain; by the dumping duties that apply during certain seasons of the year, concerning which we are receiving notices every other day; by the 10 per cent general duty, put into effect last fall, and finally by the 10 per cent foreign exchange rate. Therefore the fruit industry of British Columbia is to-day the most highly protected industry anywhere in this country, and by reason of that protection they have set up a monopoly with regard to the sale of fruit on the prairies.

I am not going to detract from the quality of the fruit produced in British Columbia, but they are exercising the monopoly they enjoy in this way. Dealers on the prairies who have been in business for years are denied the right to purchase fruit from this monopoly. They have the cash; they are willing to live up to every condition imposed by the monopoly; yet they cannot buy the fruit. The monopoly takes to itself the right to select its own dealers and designate the terms upon which its products shall be sold. I protest most emphatically against any monopoly, subsidized and protected as this one is, selecting its dealers here and there and driving out of business other individuals who have been in the business for a period of years.

We have a great many monopolies in this country, and it seems to me that we who live on the prairies are the victims of all of them. We have the fruit and lumber monopolies of the Pacific coast. We have the industrial monopoly of eastern Canada. We in Saskatchewan, in the centre of Canada, a million people, sit there battered and bruised, pillaged and plundered, raped and robbed, sucked and squeezed, the ready victims of the voracious. I wish to raise an emphatic protest against the continued operation of this monopoly, and to ask the minister to exercise his usual ability in coping with this situation. I ask that he require this monopoly at least to extend its privileges to all those who have been in this line of business for many years.

Mr. STIRLING: The hon. member has just delivered a carefully phrased and rather severe stricture on the fruit industry of British Columbia, which I do not think it would be possible to answer completely in ten minutes. It does occur to me, however, that if conditions are one-tenth as bad as he has described them, he has a ready opportunity at hand to gain redress, about which as a lawyer he must know a good deal. He can make use of the machinery under the Combines Investigation Act to lay bare the wickedness of this combine.

Mr. McNIVEN: That has been attempted already, but they have no jurisdiction because this is a provincial company, authorized and approved under provincial legislation.

Mr. STIRLING: I suggest that a provincial statute cannot give that company rights within the province of Saskatchewan, because that is outside the jurisdiction of that act. I therefore repeat that if the situation is as bad as he has described it—and I am not ready to subscribe to all the points he made in his rapidly painted picture—he has at his disposal an opportunity to make use of the provisions of the Combines Investigation Act. I do not accept his statement that this has been tried and is not efficacious for the reason he gave.

Mr. BLACKMORE: The question raised by the hon. member for Fraser Valley with regard to the price of eggs either was not answered satisfactorily by the minister, or I failed to hear it.

Mr. GARDINER: Apparently it was answered to the satisfaction of the hon. member who asked it, because he left the chamber immediately after I gave my answer.

Mr. BLACKMORE: I am interested in this matter of the price of eggs. It seems to me that the minister should be in a position to give us some specific statement regarding Canada's proposals in respect of eggs.

Mr. GARDINER: If we are to keep to the item, then the hon. member is really discussing item No. 27.

The CHAIRMAN: When a question has been raised and the minister has answered, if any hon. member is not satisfied with his answer, then the hon. member's remedy lies in voting against the item. But it is against the rules of the committee to repeat an argument or to repeat a question. The question has been developed respecting remedies to be applied in connection with the price of eggs. The minister has given a lengthy answer as to the reasons why the price of eggs has not been regulated to a greater extent by the department. I repeat the same questions over and over again is against the rules of the committee.

Mr. BLACKMORE: I am not entirely sure that I know what this is all about. I have been trying to learn ever since I came into the chamber to-night. It would seem that we are discussing a question of marketing; surely the price of eggs is connected with marketing?

The CHAIRMAN: Yes, but it has been discussed already. The very same question was put to the minister, and he answered it. There is a rule against repetition of the same question. That is the point I am drawing to the attention of hon. members.

Mr. BLACKMORE: Surely that does not prevent me from commenting upon what the minister has said?

The CHAIRMAN: It is quite permissible for the hon. member to comment upon the minister's answer, but he must not repeat the question to which an answer has already been given. That would entail tedious repetition, and it is clearly prohibited by the rules.

Mr. BLACKMORE: It seems to me strange that Canada cannot give any sort of commitment as to what the price of eggs will be. I am not asking the question. It was pointed out, however, that the United States is offering to buy eggs at twenty-two cents a dozen, and that the price will remain at that figure until June 30, 1943. My general comment is that the price of eggs throughout Canada is very uncertain. No man can have any assurance whatsoever, if he buys a number of baby chicks this spring, develops them and goes into the production of eggs, as to what the price will be.

[Mr. Gardiner.]

If we want to have egg production in Canada, then, as was pointed out by the hon. member for Comox-Alberni, the one way to get egg production is to guarantee the price at which producers of eggs will be able to carry on. No such price has been guaranteed, and it is my contention that the minister and the Department of Agriculture should be prepared to make that guarantee. If the United States can guarantee a price of twenty-two cents a dozen, then we should be able to come somewhere near that. The objection I had was that the minister had not given us any clear or definite statement.

Mr. GARDINER: If I might again draw attention to the fact, I would point out that this discussion should be under item 27. I have already answered the question twice, and I would be out of order in answering it again. Everything connected with the sale of eggs comes under the item for live stock and live stock products. I should like to have one or two of these items passed to-night, even if it is almost eleven o'clock. We have been discussing about eight items at one time.

Mr. BLACKMORE: I grant that all that may be true. I have been sitting quietly, listening to other hon. members talk, and I had gathered that the matters to which I have referred were under discussion.

Mr. GARDINER: When we reach item 27 I shall be prepared to answer the hon. member.

Mr. BLACKMORE: That is just fine. I am concerned about learning what we are discussing. All I wish to say can be said under item 27, and if I am permitted to do so I shall be satisfied. I do not wish to be out of order.

Item agreed to.

24. Marketing service. Dairy products, $357,082.

Mr. TUSTIN: Would the minister give some further information as to the price of cheese? In what he said earlier, it would appear the government intended to put on another cent bonus, and make the price sixteen cents f.o.b. boat, Montreal. He said that we are going to make more cheese this year and next year. I thought he left the impression or the inference, that sixteen cents would be the price for both years.

Mr. GARDINER: At the present time the return to the farmer is from eighteen cents to twenty cents a pound.

Mr. TUSTIN: I understand that.

Mr. GARDINER: I believe that is a sufficient return to induce production for the remainder of this year, and probably well into next year.

Mr. TUSTIN: That was not the point I was trying to make. I understand that there was a bonus of one cent for cheese that grades 93, and two cents for cheese grading 94, besides the provincial bonus of two cents. To-night, however, the minister said that the government of Canada had increased the bonus so that it would bring the farmer sixteen cents f.o.b. Montreal. He said that we were going to produce more this year and next year, and I thought he left the inference that that price would prevail for the two years.

Mr. GARDINER: I would say that at the moment I do not see any reason why the price should go below that. Only events in the war for which we are not looking would cause that.

Item agreed to.

25. Marketing service. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates, $114,864.64.

Mr. FRASER (Peterborough West): How are the subsidies to these cold storage plants computed?

Mr. GARDINER: These are only instalments on existing subsidies. They are spread over five years, and in this vote only enough money is provided to make payment to meet commitments made some years ago. There are no new ones this year.

Mr. FRASER (Peterborough West): These are to help build plants?

Mr. GARDINER: The provision is that we pay 30 per cent of the cost, spread over a five-year period. We are cold storage warehouses this year. These are payments due under commitments made two, three or four years ago.

Item agreed to.

Progress reported.

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

Thursday, June 5, 1941.

The house met at eleven o'clock.

INDUSTRIAL DISPUTES

AMENDMENT TO PROVIDE THAT MEMBERS OF CONCILIATION BOARDS SHALL NOT HAVE PECUNIARY OR OTHER INTEREST

Hon. N. A. McLARTY (Minister of Labour) moved for leave to introduce Bill No. 96, to amend the Industrial Disputes Investigation Act.

Mr. HANSON (York-Sunbury): Explain.

Mr. McLARTY: Mr. Speaker, the amendment proposed by this bill is an amendment of section 12 of the Industrial Disputes Investigation Act. As the section now reads it provides that no person shall act as a member of a conciliation board who has any pecuniary interest in the matter in dispute. In an endeavour to secure a more impartial board than in some instances we have secured, these words are being added to the bill:

—or who is then acting or has so acted within a period of six months preceding the date of the application for a board in the capacity of solicitor, legal adviser, counsel or paid agent of either of the parties to the dispute.

The purpose, I think, is obvious.

Mr. HANSON (York-Sunbury): Is this the only section which is to be amended?

Mr. McLARTY: It is the only section to be amended under this bill. It is with the thought of securing an impartial board which can deal with matters in dispute.

Mr. CHURCH: Does the act or the amendment now apply to public utilities?

Mr. McLARTY: It applies generally to utilities, yes. The Industrial Disputes Investigation Act has always so applied.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

OIL REGULATIONS

Mr. HOBLITZELL:

1. Has the attention of the government been drawn to a statement appearing in the Ottawa *Citizen* of Wednesday, May 28, in which Mr. Cottrelle, oil controller, answered criticisms made regarding oil regulations?

2. Will the government give consideration to the suggestion of investigation outlined by Mr. Cottrelle?

Mr. HOWE:

1. Yes.

2. This is a matter concerning government policy which will be announced in due course.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TORONTO POST OFFICE

Mr. CHURCH:

1. What are the details or break-down in sessional paper No. 281a, tabled recently, regarding the operation of the Toronto post office, showing a surplus over all expenses, maintenances, salaries and overhead of $1,531,551.66?

2. What becomes of this surplus for the last year of record, and will the price of drop letters be reduced from two to one cent in the city?

FINES FOR SOLDIERS HITCH-HIKING

Mr. CHURCH:

1. How many soldiers at Camp Borden and Petawawa have been fined for a breach of a regulation issued under the authority of the officer commanding, preventing hitch-hiking?
2. How many from Toronto were fined $5 each from their weekly pay?
3. Who authorized this fine, and under what section of the statutes of Canada, the Army Act, the Militia Act, the Air or the Navy Act was it imposed?
4. Was the scale of fines sanctioned by the government, and on whose orders?
5. What becomes of these fines?
6. Who authorized such penalties and will an inquiry be held in the matter?
7. What fines were imposed on air men or navy herein?

LABOUR DEPARTMENT ACT

AMENDMENT TO PROVIDE FOR THE APPOINTMENT OF AN ASSOCIATE DEPUTY MINISTER

Hon. N. A. McLARTY (Minister of Labour) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend the Labour Department Act to provide for the appointment of an Associate Deputy Minister of Labour.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution recommends it to the consideration of the house.

Motion agreed to.

ST. LAWRENCE WATERWAY

ADDITIONAL DIVERSIONS AT NIAGARA FALLS—PROCEDURE IN INTERNATIONAL AGREEMENTS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend the member for Davenport (Mr. MacNicol) asked a question yesterday concerning the matter of diversions of water above Niagara. I was not in a position to give him an exact answer at the moment, and my hon. friend said he would bring the question up again, possibly on going into committee of supply. But as the Speaker leaves the chair without question being put, on going into supply both to-day and to-morrow, I have thought I should give my hon. friend immediately the information he desires and thus perhaps avoid the necessity for debate. I will summarize first the facts relating to diversions and then discuss procedure.

In article V of the Boundary Waters treaty of 1909, Canada and the United States agreed not to divert more than a specified amount of water from the Niagara river above the falls. There was no change in the amount of diversion until November, 1940, when, by an exchange of notes, the United States agreed not to object to an additional temporary diversion at Niagara by Ontario of water equivalent to diversions which Ontario was to make into the great lakes basin from the Albany river basin. This exchange of notes was tabled in the House of Commons on November 12, 1940.

The Great Lakes-St. Lawrence basin agreement signed on March 19, 1940, which is expressly subject to approval by the parliament of Canada and the United States congress, has two provisions affecting diversions at Niagara.

Article VIII of that agreement authorizes each country to use for power purposes any water diverted by it into the great lakes system. Article IX provides for the construction of remedial works at Niagara and for the subsequent additional diversion by each country of 5,000 cubic feet per second in excess of the amount specified in the Boundary Waters Treaty. These articles are, of course, not yet in force.

The exchange of notes signed on May 20, 1941, which was tabled in this house on May 29, provides, as a temporary measure in view of the present emergency, for an immediate additional diversion of 5,000 cubic feet per second by the United States and for an immediate additional diversion of 3,000 cubic feet per second by Canada. The temporary nature of this arrangement is made clear by provisions in the notes. The arrangement is expressed to be for the duration of the national defence emergency and, in all events, is subject to reconsideration by both governments on October 1, 1942. Furthermore, it is provided that the arrangement will be subject to the provisions of article IX of the Great Lakes-St. Lawrence basin agreement when that agreement comes into force.

The reasons for this emergency arrangement were explained in full by the hon. the Minister of Mines and Resources when he tabled the notes on May 29. It is not necessary to repeat these reasons, which lead to the conclusion that war needs make the increased diversion essential. As explained on May 29, the advisers of the Canadian government and representatives of Ontario and Quebec are satisfied that the increased diversions will not be detrimental or harmful to Canadian interests.

Turning now to the constitutional question of the proper procedure to be followed in

such cases, as indicated in my reply of yesterday, under the British and Canadian constitutions, the crown enjoys the sole right of conducting all foreign relations, which includes the making and, if necessary, the ratifying, of international agreements of all kinds.

In the United Kingdom, it is a rare thing for the government to ask the approval of parliament or of the House of Commons before making or ratifying treaties, even formal and important ones.

In Canada, without derogating from the legal rights of the crown, a custom has developed different from that in the United Kingdom. On June 21, 1926, this house adopted a resolution which I moved, the final paragraph of which reads that the house considers that:

. . . before His Majesty's Canadian ministers advise ratification of a treaty or convention affecting Canada, or signify acceptance of any treaty, convention or agreement involving military or economic sanctions, the approval of the parliament of Canada should be secured.

On April 12, 1928, in the course of the debate on the International Sanitary Convention in this house, I said:

I submit that the day has passed when any government or executive should feel that they should take it upon themselves without the approval of parliament, to commit a country to obligations involving any considerable financial outlays or active undertakings. In all cases where obligations of such a character are being assumed internationally, parliament itself should be assured of having the full right of approving what is done before binding commitments are made. I would not confine parliamentary approval only to those matters which involve military sanctions and the like. I feel parliamentary approval should apply where there are involved matters of large expenditure or political considerations of a far-reaching character.

Since 1928 the custom in Canada, both under the government of Mr. Bennett and under the present government, has moved even farther away from the United Kingdom practice in the direction of more parliamentary control of international agreements. The present practice is that, except in the case of very unimportant agreements or in the case of great urgency, the Senate and House of Commons are asked to approve formal treaties, conventions and agreements, before they are ratified by or in respect of Canada.

However, while the practice has developed in this way in the case of formal agreements requiring ratification, it has never been the practice in Canada to ask parliament or the House of Commons to approve agreements which are in the form of exchange of notes. Generally speaking, agreements are made in the form of an exchange of notes either because they are too unimportant for a formal agreement, or because they are intended to be of a temporary character.

In the opinion of the government, it would be a mistake to change the custom still further by asking parliament or the House of Commons to approve exchange of notes.

Following the principles which I have outlined, parliament was not asked to approve the exchange of notes of November, 1940, which authorized a temporary additional diversion at Niagara by the province of Ontario. So far as the question of procedure is concerned, there is no ground for distinction between that exchange of notes and the one signed on May 20, 1941. There was no reason to follow any different procedure on this occasion.

It might be pointed out that neither of these two exchanges of notes requires legislation in order to give them effect in Canada. The only thing which the Canadian government has promised to do in the notes of May 20 is to refrain from objecting to an additional diversion of water by the United States.

The United States government for its part desired to have the approval of the United States Senate before being bound by the latest exchange of notes. It would not be appropriate for me to attempt to explain the reasons for this decision. The constitutional provisions and practice of the United States in the matter of international agreements is, as I have said, not the same as that of Canada. It would not seem desirable that Canada's treaty procedure should be altered solely because the United States Senate is being asked by the United States government to approve this particular exchange of notes.

While it is not the practice in Canada to ask for parliamentary approval of exchange of notes, it is customary and desirable to table any such which are of importance or interest. The purpose of tabling them is not merely to inform the house, but also to provide a basis for debate, if so desired, at the appropriate time.

Mr. HANSON (York-Sunbury): For purposes of information may I ask whether the proposal immediately under discussion is not in effect a departure from the treaty itself? That is my understanding of it.

Mr. MACKENZIE KING: My hon. friend may be correct; but certainly, as I have indicated in what I have stated, what is being attempted is simply of a temporary nature to meet an emergent situation, and the whole principle involved will come up for discussion when we are dealing with the treaty itself.

Mr. HANSON (York-Sunbury): I understand that is the theory on which the exchange of notes has been made, but it is a vain hope. Once this water is diverted it will never come back and therefore the diversion is not of a temporary nature. One more question. If my recollection is correct, the Prime Minister has stated the trend of policy and practice in Canada. But have we not in one important event at any rate departed from that practice, namely, the joint defence board?

Mr. MACKENZIE KING: I should like to give a little thought to the question which my hon. friend has just asked.

Mr. MacNICOL: As I raised the question I should like first to thank the Prime Minister (Mr. Mackenzie King) for his remarks to-day. I shall consider them thoroughly and perhaps not make a decision until early next week. That is, I will not interfere with the estimates as they come in to-day and to-morrow, but after reviewing the matter I may say something on Monday or Tuesday, because I am concerned about the principle involved.

As the amount of water now referred to in the notes will raise the total diversion at Niagara Falls to I believe some 69,000 cubic feet per second, it is a matter of major importance to this parliament, and perhaps a brief statement on Monday or Tuesday might clear the air a little.

Mr. CHURCH: This very same matter, the diversion of 5,000 cubic second feet, was before the house in 1929 and was debated on a proposed treaty which grew out of the Shipstead act; then 10,000 cubic second feet diversion was to be given to each country for additional power from the Niagara river for power purposes. The matter came up in a debate in which I participated over a period of two days. The matter was then made the subject of a proposed treaty between the two countries. Half the power in the surplus water was to be given to Ontario, in accordance with the decisions on the various waterway cases before the privy council. Ontario owns half the river bed and the banks and rapids and the water for power purposes in half the river. The surplus waters in boundary waterway streams subject to navigation rights belong to the provinces and states. Under the 1929 treaty which grew out of the bill introduced by Senator Shipstead at Washington, Ontario was to get its half for public ownership under the Ontario hydro electric power commission. The treaty would have become law in 1929 but for the opposition of New York state which wanted to give its share to private ownership. Canada by that proposed treaty consented to distribute one-half of the extra flow of this 10,000 cubic second feet which belonged to Ontario for public ownership; New York state wanted the other half for private ownership. For this reason the treaty was not adopted, though validated over here. I fear for the scenic beauty ever being preserved except by additional remedial works in the river. The levels are lower now than they were then.

I would ask the Prime Minister if, having regard to the decision of the privy council on the waterways, this can now be accomplished over the head of parliament as a war measure and not, as in 1929, by treaty. I suggest that he read the briefs and the debates which took place here in 1929 as to this new procedure. There is a great principle involved and all papers and plans should be tabled. If the executive can in this way part with public and private property over acts of parliament, then if the procedure is carried to its logical conclusion it could give away the whole country for a few pounds of Boston tea.

Mr. MACKENZIE KING: My hon. friend has asked me about half a dozen questions, I think. I shall have to look at the record to see exactly what the points are upon which he wishes to be informed. I will seek to give him an answer in due course.

UNEMPLOYMENT INSURANCE

METHOD OF PAYMENTS BY EMPLOYERS UNDER THE ACT

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): I desire to direct a question to the Minister of Labour. I have not given him notice, but I am satisfied that the minister will be able to answer—if not now, perhaps at a later stage in the day. Has any decision been reached by the unemployment insurance commission which will require all employers whose employees come within the scope and operation of the Unemployment Insurance Act to pay such employees weekly? If so, under what authority has this decision been taken? It is quite apparent that this would mean a substantial amount of increased cost. I have no doubt it would be a great convenience to employees. I am wondering whether this was the principle upon which the decision was reached, if it has been reached, or is it for reasons of administration; but particularly, under what authority is the action taken?

We know that most big corporations pay fortnightly, and that makes for permanency of employment. It no doubt would be a great convenience to employees to have wages paid

weekly, but this would be upsetting the whole present modus operandi for most of those concerned.

Hon. N. A. McLARTY (Minister of Labour): As the leader of the opposition stated, I had no notice of his intention to ask this question. The very suggestion comes to me as a considerable surprise, because I believe that the commission has been working with such organizations as the railway companies to arrange the most convenient way in which payments may be made under the Unemployment Insurance Act. However I assure the leader of the opposition that I shall take the matter up at once, although offhand I must say that I do not believe the suggestion given to him is correct.

WHEAT

REPORTED SHIPMENTS FROM BRITISH COLUMBIA TO THE FAR EAST IN JAPANESE BOTTOMS

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): I desire to direct a question to the Minister of Trade and Commerce, of which I have given notice. I have been informed that there is now being loaded 4,000 tons of wheat, approximately 144,000 bushels, for Japanese account. It is further reported to me that the total sale by the wheat board is for 14,000 tons, or about 500,000 bushels, that 10,000 tons remain to be loaded in other vessels, and that the grain is being shipped in Japanese bottoms. Furthermore it is reported to me that the wheat is being loaded in sacks, which method is wholly unusual, to say the least, and lends support to the theory that the ultimate destination of this wheat is not Japan but other countries of the axis.

I should like to know from the minister whether this report is true; whether the Canadian wheat board is dealing with the Japanese government and Canadian wheat is being exported to that country, and whether inquiry is being made as to the ultimate destination of this wheat.

Right Hon. W. L. MACKENZIE KING (Prime Minister and Secretary of State for External Affairs): Perhaps this is a question which as Secretary of State for External Affairs I should answer. I was told last evening that a press dispatch had come from Vancouver to the effect that shipments of grain to Japan were being made there. I immediately requested my office to issue a statement to make clear the nature of the shipments that were taking place, and the following communication was given to the Canadian Press as a release and appears I think in the papers of to-day:

> It is announced from Ottawa that the wheat that is at present being shipped to the far east from British Columbia was under firm order before the present export permit requirements came into force. The authorities state that practically all of this grain is destined for north China for consumption there.
>
> In accordance with their policy with respect to the export of all commodities under wartime conditions the government are carefully watching shipments of wheat.

I might particularize a little in reference to that statement. Orders had been placed on the part of Japan for the wheat in question before any export permit requirements respecting wheat shipments had come into force in Canada. Shipments were actually stopped at the time because of export permit requirements coming at that moment into force, but on careful consideration of the whole matter it was felt that as the order had been placed before this requirement came into force, those particular shipments should be allowed to proceed. That course, I may add, is in accord with international usage.

My hon. friend referred to the shipments taking place in Japanese bottoms. I might explain the situation governing that aspect. As my hon. friend knows, all British bottoms are being requisitioned at the present time for use by the British empire, and in order to enable these wheat shipments to go forward it was thought best to require of the Japanese government that the shipments should be made in their own bottoms.

My hon. friend also asked as to the part of the wheat board in the transaction. I am informed that the wheat board had no part whatever in this transaction. It was a private firm transaction.

As to the loading in bags, I am informed that shipment by bag is the usual method where elevator unloading facilities are not available. I might add that inquiries made in Japan itself by our legation, and also inquiries that we have made of the Japanese minister here, give us every reason to believe that these shipments of grain are to go to north China. As my hon. friend is aware, the Japanese government control a large part of that area at the present time, and I understand that the people there are in a more or less famished condition. These shipments are, I understand, to serve the needs of those people.

Mr. HANSON (York-Sunbury): I am curious to learn how any private firm could make a commitment of this kind without obtaining the wheat from the wheat board, which owns all the wheat in Canada.

An hon. MEMBER: No.

Mr. HANSON (York-Sunbury): I may be incorrectly informed, but my understanding of the situation is that no one can ship wheat without the consent of the wheat board or without obtaining the wheat from the board. This is a large transaction, involving half a million bushels. The wheat board must be in the picture somewhere.

Mr. MACKENZIE KING: My information is that it is not.

FUEL FOR HEATING PURPOSES

STEPS TO BE TAKEN TO MEET POSSIBLE SHORTAGE NEXT WINTER

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to ask the government a question with reference to the possibility of a coal famine next winter, and to direct attention to the meeting of a committee which took place in Toronto yesterday at which Colonel K. R. Marshall, president of the Standard Fuel Company of Toronto, warned the committee to expect a fuel shortage during the coming winter. The newspaper report states:

"I know one firm which is already 1,600 carloads short on their orders," Colonel Marshall said. "I foresee a shortage in both coke and fuel oil this winter."

In this connection I should like to direct attention to sessional paper 175C, brought down in this house last month, which I contend is insufficient and incomplete. This return had to do with this very matter of the supply of fuel for the winter, and this question was asked:

Was coal rationed by the government during the coal famine in 1917? If so, under what legislative action or rules and regulations?

What study is being made, or action taken, regarding the use of other forms of heating, as a substitute for coal?

The answers to these questions were not at all satisfactory, and I should like to know if a further study of the question will be made having in mind the full utilization of gas, oil and electrical energy for heating purposes during the coming winter, and also whether any action will be taken following this meeting in Toronto yesterday at which a coal famine was predicted by at least two-thirds of the coal dealers of Toronto.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I noticed that in asking his question my hon. friend had to make use of information which has been handed to him or which he himself has written out. Sometimes it is a little difficult to tell whether the hon. member is asking a question or making a speech. I am afraid I shall have to ask him once more to let me look at the record before attempting to reply to his question.

[Mr. R. B. Hanson.]

CHIGNECTO CANAL

QUESTION OF CONSTRUCTION AS DEFENCE MEASURE ASSOCIATED WITH ST. LAWRENCE DEVELOPMENT

On the orders of the day:

Mr. P. C. BLACK (Cumberland): Is the Minister of National Defence in a position to make any statement with respect to the attitude of the United States and of his department towards the construction of the Chignecto canal as a defence measure, in association with the proposals having to do with the St. Lawrence development?

Hon. J. L. RALSTON (Minister of National Defence): I am not in a position to make any statement at the moment.

NATIONAL DEFENCE

INQUIRY AS TO OPPORTUNITY FOR DISCUSSION PRIOR TO ADJOURNMENT

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): May I ask the Minister of National Defence if at some stage during the remaining days of the session some opportunity will be afforded for a discussion of the question of national defence?

Hon. J. L. RALSTON (Minister of National Defence): My hon. friend has mentioned this matter to me already. As he knows, there are still some estimates of the Department of National Defence which have not been passed; apparently these are noted as being for other than war purposes. So far as I am concerned I shall be glad to have any matters which it is felt necessary or desirable to discuss taken up on those items. I suggest that the item covering the salary of the minister might be as good a place as any.

Mr. HANSON (York-Sunbury): That is statutory, of course, and not open to discussion. When could the discussion take place?

Mr. RALSTON: I had in mind that the national defence estimates might be called at any time. I was not in the house last night when the announcement of to-day's business was made, but why not take them up to-morrow?

Mr. HANSON (York-Sunbury): That would be satisfactory, but not in the evening.

Mr. RALSTON: I hope my hon. friend will not impose too many conditions.

Mr. HANSON (York-Sunbury): The minister knows the situation in this house on Friday evening.

Mr. RALSTON: I should think to-morrow would be satisfactory.

RAILWAY AMALGAMATION

OPPORTUNITY FOR DISCUSSION ON ORDER DEALING WITH CANADIAN NATIONAL RAILWAY FINANCING

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Will hon. members have an opportunity of discussing the question of railway amalgamation when order No. 7 is called, having to do with Canadian National Railways; and, if so, will it be called this morning, this afternoon or to-night?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am afraid I cannot indicate to my hon. friend just when the particular matter referred to may appropriately be considered. Mr. Speaker has a voice in some of these matters, as well as the leader of the house; I have no doubt, however, the hon. gentleman will have an opportunity to discuss the question.

WAR EXPENDITURES COMMITTEE

QUESTION AS TO MOTION FOR CONCURRENCE IN REPORTS OF SPECIAL COMMITTEE PRESENTED ON JUNE 4

On the orders of the day:

Mr. J. H. HARRIS (Danforth): Perhaps the government could tell the house when we may expect concurrence to be moved in the report of the war expenditures committee?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall have to give my hon. friend an answer to that question later.

AIR CADET LEAGUE

STATEMENT AS TO ORGANIZATION OF LEAGUE AND METHODS OF OPERATION OF UNITS

On the orders of the day:

Hon. C. G. POWER (Minister of National Defence for Air): In view of the wide interest that has been taken throughout the country in the Air Cadet League of Canada, perhaps I may be permitted at this time to present a statement which the league has asked me to make. A great many hon. members of this house, as well as many people throughout the country, have been very much interested in this project, and if I place this statement on *Hansard* it may serve to clear up some difficulties which have presented themselves. I should add that this statement has been prepared in conjunction with Mr. G. B. Foster, K.C., of Montreal, president of the league.

Organization of the Air Cadet League of Canada was concluded at a meeting in Ottawa early this week. The directors of the league have returned to their provinces to set up provincial committees which will foster the movement in their provinces. As soon as these committees are ready it will be possible for public bodies, service clubs, school boards and public-minded citizens to apply to them for advice and guidance in sponsoring units in their districts.

Briefly, the plan is to have the operation of the league decentralized. Each unit will be self-supporting and stand on its own feet. The minimum number of boys necessary to form a unit at this time is fifty senior air cadets, that is, between the ages of fifteen and eighteen. The provincial committees will further the objects of the league in their provinces and assist and advise the various regional committees who sponsor units, but once a unit is in operation it will deal directly with cadet headquarters in Ottawa on routine business, there being no such thing as regional or provincial branch offices of the league.

Boys wishing to be air cadets do not join through league headquarters. They should keep in touch with their local situation and join the unit in their district when it is formed.

The headquarters of the league is situated at 122 Wellington street, Ottawa. The officers of the league are as follows:

Patron: His Excellency The Right Hon. The Earl of Athlone, K.G., Governor General of Canada.

Honorary President: Air Marshal W. A. Bishop, V.C., D.S.O., M.C., D.F.C.

President: G. B. Foster, K.C., D.F.C.

Honorary Secretary-Treasurer: Arthur L. Melling.

Secretary-Treasurer: L. G. Dando.

The Board of Directors

President: G. B. Foster, K.C., D.F.C.
Hon. F. P. Brais, K.C.
H. R. Carson.
A. W. Carter, M.B.E., D.S.C.
Pierre De Varennes, K.C.
H. E. Drope.
Gilbert M. Eaton.
John D. Eaton.
Sir Ellsworth Flavelle.
Charles A. Gray.
George R. Hodgson.
R. H. B. Ker.
D. R. MacLaren, D.S.O., M.C., D.F.C.
Arthur L. Melling.
W. W. Rogers.
Hon. Ivan Schultz.
Earle Spafford.
R. W. Frost.
T. M. Sheard.

A representative to be selected from the province of Nova Scotia, and a representative to be selected from the province of Prince Edward Island.

CANADIAN ARMY

REQUEST FOR STATEMENT AS TO PROGRESS OF CURRENT RECRUITING CAMPAIGN

On the orders of the day:

Mr. G. S. WHITE (Hastings-Peterborough): Will the Minister of National Defence, before the house adjourns, give a report on the recruiting campaign?

Hon. J. L. RALSTON (Minister of National Defence): I can tell my hon. friend now about the report with regard to the recruiting campaign. I had intended to do it on the estimates, but my hon. friend is concerned about it, and I shall be very glad to tell him what the situation is.

Reports this morning are that up to yesterday 24 per cent of the total allotment had been enlisted. That is, 24 per cent have been actually enlisted since the radio address which I made. That does not include those who were enlisted prior to that date, in connection with current reinforcements, which will have to be considered. I am not taking account of that now. That is, there is a total of 7,655.

I may say, with regard to the different districts, that each district is being informed not only as to the percentage which has been raised of its quota, but also of the percentages which all other districts have raised, so that each district may know just what increase is being made by it in comparison with other districts.

I may say, further, that to give a statement of this kind is perhaps not altogether fair to districts, for this reason: in connection with the call no less than 8,000 of the 32,000 which were asked for are asked for the purpose of replacing units of the fourth division which were absorbed by the armoured division. Those new units of the fourth division are just now in process of mobilization. The reserve units have been, in some cases, authorized to mobilize—I think perhaps in all cases now. But in some cases officers have not been completely appointed, and in districts where that is taking place the mobilization of those units will of course give a sudden impetus to the recruiting in such districts. We believe a large proportion of the personnel of the reserve units will come in at once. So that hon. members cannot be guided by time to time percentages until the recruiting of reinforcements and the recruiting of reserve units is complete.

In that connection my hon. friend gives me an opportunity to say this: we have had great help from civilian committees. I have been tremendously encouraged by the help which has been given, and the assurance as to the work which the large civilian committees are doing. They are just, as a matter of fact, getting into their stride now. Recruiting has accelerated rapidly over the first days. I think yesterday was the second highest. It has more than doubled the recruiting of the first days after the call was made. I believe this improvement is due in large measure to the assistance which the civilian committees are giving, and I am sure to the assistance which the district officers commanding and their staffs are giving.

I only wish to say—I may have an opportunity to say it again—that I ask members to put their backs into this effort. I know they are doing so. I have had assurances from many of them, and also from members of provincial legislatures as well. I feel that at this time the thing to do, if I may say so, is to look at our particular corner of the vineyard. That is the place to work; and we have the right to expect that each person will do the same. I want to say to hon. members that most of what I have received by way of criticism has been constructive. There have been cases in which people have been blue, down and low. But that is what we have to take in connection with recruiting campaigns.

I consider this is partly a matter of raising men for units we have pledged to the British, and to fill up the fourth division as well. I have every reason to believe that with the acceleration which has taken place in the campaign, and with the assurances we have received, the campaign will be a complete success.

Mr. T. L. CHURCH (Broadview): Would the minister reply to a question on enlistments and the present system of records in his department? I asked about the same thing the other day, as to whether it would be possible to have an official statement given out monthly as to the enlistments in the various forces. The minister said he would reply to the question which had been asked by me in the house regarding records as to enlistments being published according to municipalities, like the victory loan and income tax, on a unit system.

Mr. RALSTON: I am afraid my hon. friend's question has been a bit obscured by conditions in the house. If I understood him correctly he was asking, roughly, for enlistments in the three arms of the services. I do not know that that is possible. It depends of course on what activities there are in the army, and whether there are sufficient enlistments at that time. I doubt if what the hon. member suggests would be advisable. However, I shall take it into consideration.

Mr. CHURCH: The air force adopted that system at manning pools. It is an incentive to recruiting in each centre to know what each town and province is doing, and the deputy minister for air arranged it in Toronto last July.

Mr. COLDWELL: The minister suggested that we should look to our localities. Could he tell us how military district No. 12 is proceeding?

Mr. RALSTON: I shall be glad to tell my hon. friend. As I say, I do not think it is quite fair to the district officers commanding. As I have pointed out, the officers have a right to the information not only with respect to their own district, but with respect to other districts as well.

Mr. HANSON (York-Sunbury): Would the minister be good enough to inform the house as to military district No. 7? It would be extremely gratifying to every hon. member in the house.

Mr. RALSTON: Yes.

YUKON ACT AMENDMENT

PROVISION FOR APPOINTMENT OF STIPENDIARY MAGISTRATES IN AND FOR YUKON TERRITORY

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the Yukon Act to provide for the appointment of stipendiary magistrates in and for the Yukon territory.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. LAPOINTE (Quebec East): This is a simple matter, arising from the substantial diminution of judicial business in the Yukon territory. It has decreased considerably from year to year. Conditions there are not at all what they were when the Yukon Act was enacted.

The Department of Mines and Resources, which is charged with the administration of the Yukon territory, suggested two or three months ago that when Mr. Justice Macaulay, who was the judge of the territorial court of the Yukon territory, retired, it would be better and much less expensive to have what is left of the legal business in that territory transacted by stipendiary magistrates, as is done in the northwest territory. Those magistrates are doing other work for the department, and the change would mean a substantial economy. Mr. Justice Macaulay has agreed to take his superannuation, and it became effective on the last day of May—only a few days ago. This authorizes the governor in council to appoint a stipendiary magistrate to do what little work there is. He will also do other work for the Department of Mines and Resources. We will save the salary paid to the judge, and there will be other economies as well.

I regret that the hon. member for Yukon (Mr. Black) has had to leave, but I may say that I have discussed the matter with him. The first suggestion of the Department of Mines and Resources was to do away altogether with the position of the judge of the territorial court, but that is not what we are doing. We are not replacing him, but the position can be filled if this experiment does not prove satisfactory. The hon. member for Yukon would object to abolishing the position, but this bill was submitted to him before he left, and it meets his views.

Mr. HANSON (York-Sunbury): I think the minister's statement covers the whole field. I am glad to hear him say that it is not intended at this time to abolish the position of judge of the territorial court, although on the grounds of strict economy such a course might be justified. No part of the country likes to see its status reduced, and that would be the effect. The minister has in mind the appointment of one stipendiary magistrate to act in lieu of the judge of the territorial court, who is at present an official of the government. Is there any objection to telling us who this official will be, and what are his qualifications? I am thinking that he should be a man with legal training.

Mr. LAPOINTE (Quebec East): Absolutely.

Mr. HANSON (York-Sunbury): And of some standing in the community, because after all he is to administer justice. Will he have civil as well as criminal jurisdiction?

Mr. LAPOINTE (Quebec East): Yes.

Mr. HANSON (York-Sunbury): Will he be clothed with the same jurisdiction as the judge of the territorial court?

Mr. LAPOINTE (Quebec East): Yes.

Mr. HANSON (York-Sunbury): His status will be almost that of the territorial court judge, and he should be a man of experience and ability and possess judicial qualifications. He is to administer all justice, both civil and criminal, in a widely scattered territory and he should be fully qualified. If the minister does not care to indicate who he is, perhaps he would indicate his qualifications. It may not be desirable to name him on the floor of the house, but will the minister say that he is competent to exercise these functions?

Mr. LAPOINTE (Quebec East): I have not the slightest idea as to who may be appointed, but he will have to possess legal qualifications. We have two stipendiary magistrates to-day in the northwest territories who are doing work for the Department of Mines and Resources. Both these gentlemen are qualified lawyers. They were appointed upon the recommendation of the Minister of Justice—because, after all, they have to administer justice—but it was done with the concurrence of the Department of Mines and Resources. To some extent this appointee will be an officer of that department. I do not know whether the department has anyone in mind; as a matter of fact I have not discussed with my colleague any name. My hon. friend may be assured that he will be a qualified lawyer—not, of course, with high court standing; we could not find one with that qualification to serve for the salary attached to the office. I believe the intention is to pay a salary of about $4,000.

Mr. HANSON (York-Sunbury): Is that extra or all told?

Mr. LAPOINTE (Quebec East): All told. He will have to live in the territory. His decisions will be subject to appeal to the appellate court of British Columbia, as were the decisions of Mr. Justice Macaulay.

Mr. CHURCH: As to this Yukon territory stipendiary magistrate, when the estimates of the Minister of Justice were being considered last spring reference was made to these judicial appointments, and the general principle applied in appointments. Recommendations have been made by the Canadian Bar Association in connection with the appointment of judges and other judicial officers—not in this case, but the principle is here. What are three separate justice departments in England are linked under the one minister here in Canada, all combined. I have received within the last few days two or three letters on this subject of law reform and our method of judicial appointments, and I urge upon the minister that he give consideration to the representations of the Canadian bar and other associations that more care be taken in making these appointments.

Mr. LAPOINTE (Quebec East): The remarks of my hon. friend would apply more to appointments to provincial courts. In this case the Canadian Bar Association would hardly be making the suggestions my hon. friend mentions. However, I shall be pleased to take his remarks into the fullest consideration.

[Mr. R. B. Hanson.]

Resolution reported, read the second time and concurred in. Mr. Lapointe (Quebec East) thereupon moved for leave to introduce Bill No. 97, to amend the Yukon Act.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Vien in the chair.

On section 1—Appointment of stipendiary magistrates.

Mr. LAPOINTE (Quebec East): This is merely the language of the resolution authorizing the governor in council to appoint stipendiary magistrates. It is the language which is used in the Northwest Territories Act, and the form of oath is exactly the same as the form which is in that act.

Mr. HANSON (York-Sunbury): There is an understanding that although authority is taken to appoint such number of persons as stipendiary magistrates as the governor in council may think fit, only one will be appointed?

Mr. LAPOINTE (Quebec East): One—and possibly temporarily.

Mr. HANSON (York-Sunbury): All right.

Section agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

Resolved, that it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $29,414,206 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1941; to make provision for the purchase or refunding of capital obligations of the company or of any company comprised in the Canadian National Railways system and for the issue of substituted securities for such purposes; to authorize the governor in council to guarantee the principal, interest and sinking funds of securities issued by the company for the purposes aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $29,414,206 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system; to authorize the company to pay supplementary contributions to

certain railway employees' provident funds; and to authorize the making of further temporary loans to the said company for interim deficits, said loans to be reimbursed from the annual revenues.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. HANSON (York-Sunbury): I ask the minister to make a general statement covering the necessity of this measure. I am aware that this is the usual resolution preceding the introduction of a bill. Certain portions of the resolution are obviously necessary, having regard to the operations of the railways, such as authorizing the company to make supplementary contributions to the employees' provident funds, the giving of temporary loans, and that sort of thing. But I should like the minister to give, for the purposes of the record, a break-down of the twenty-nine odd millions, and to explain why, with the revenues of the railway mounting beyond any previous levels—having regard, of course, to the great increase of traffic which is largely if not wholly due to the war—there is no indication on the part of the management that this year an operating surplus may be expected, which might be devoted to purposes other than, we will say, working capital. I am astonished that there is no suggestion of an operating profit this year. I am astonished, having regard to the growth of traffic, that last year we had to provide in the neighbourhood of $17,000,000. I am afraid that there is not the economy visible in the operation of the system that there ought to be. I am making no attack on the railway. I believe that the national railways are doing excellent work in connection with the country's war operations. In the eastern provinces, at all events, they are moving a very great amount of traffic. But the country is paying them at the approved rates for all this traffic, and they must be in receipt of very substantial sums of money from the war appropriation fund—millions in excess of what anybody knows about.

The railways are embarking on capital expenditures of a character which seem to me to be unnecessary at the moment. No great system of railways, indeed no business, can be carried on without annual capital expenditures. They cannot be static; they must go forward. But I wonder if the government has given consent to certain capital expenditures which have already been undertaken. I have in mind the installation of the electric control between Pacific Junction and Truro, which will cost at least one and a half million dollars and will probably run to two millions, involving also the expenditure of at least half a million dollars of United States exchange at a time when there is need to conserve our exchange position, and that in respect to a project which must be regarded as somewhat of an experiment in a cold climate such as that of Canada.

Frankly, when I heard about this I wrote to one of the vice-presidents and received in confidence from him a statement of the railway position. I am bound to say that he made what was to me a convincing statement of the utility of the proposal. But there is in this country a view that at this time the government should not permit the railway company to embark upon expenditures of this kind, which can be justified only because of the war. And how many crimes are committed in that name? When the war is over this expenditure will be useless, I am informed. I believe it operates with great advantage in the winter time in countries which have not the severe weather conditions that we have in Canada. The idea is of course to relieve congestion. It is an electrical mechanical device intended to supersede employment on the railway itself. I am convinced that the proposal has its merits, but I want to know what is the justification at this time for this capital expenditure, having regard to the fact that it constitutes a substantial charge on the foreign exchange control position and on the conservation of our exchange.

I would ask the minister to give the house a statement with regard to the Montreal terminal, which is not yet completed and which will cost about $30,000,000, a very considerable portion of which was expended in war time. In no sense can this work be justified as a war measure, and it involves millions in foreign exchange. I should like the minister to give the house information with respect to what is being done in connection with the redemption of equipment trust certificates. This is an old problem in connection with the national railways. There is in effect what is commonly called the Philadelphia plan, whereby railways acquire rolling stock on the basis of deferred payments. As a rule the railways make an initial payment. The equipment is mortgaged under trust agreement to a trustee, who issues securities and the money is payable in a term of years, or from year to year in serial form. It was looked upon with great favour by investors in days gone by, but as regards the Canadian National Railways, especially in the darker days when the earnings were not sufficient, these equipment trust payments, if my memory serves me rightly, were not made out of earnings at all but out of sums advanced by the government against which long-term

securities were eventually issued, constituting in turn a dead-weight debt on the system, and covering in some instances a period expiring at a date beyond the lifetime of the equipment.

I should like to know how much of this $29,000,000 is in payment of equipment trust certificates issued and maturing, which the company is not able to take up out of operating expenses, which is the basis of the whole plan. I should be happy if the minister could assure me that none of this $29,000,000 is to be devoted to that purpose, though I know from past experience that substantial portions of capital authorizations have had to be so used because the railways did not have the moneys to retire these obligations. If the minister is able to assure the house and the country that in this connection the railway is taking care of its commitments and that no new securities will be issued against these payments, no long-term securities which the railway cannot absorb, it will be a matter of relief to all of us.

The particular point to which I desire to call the attention of the minister is the one I adverted to earlier in my remarks. Will he explain to the house why, with greatly increased traffic earnings, there is no budget before us looking to a credit balance in operations this year. It may be that my understanding is incorrect, but the country will expect that the system this year will take care of its operating expenses, interest on sinking fund charges and maturities falling due for equipment trust payments. But over and above that, with the revenues mounting, as I know they are, as we see in the press weekly, to heights hitherto unthought of or unheard of, I do not understand why there should not be a substantial credit balance to the treasury of the railway company, which in turn would be reflected in the operations of the Canadian treasury, to take care of some of the deficits of the past year or to reach such other destination as may be suggested. Or is it the theory of the railway company that it will not disclose to the house and country just what its actual expectations are, so that it may have in hand a substantial sum of money which it may use to embark on other enterprises, which parliament will not know anything about but of which of course, if they are capital, the ministry will know, and to which both the ministry and finally parliament will have to give consent on an *ex post facto* basis. That is what is happening. Expenditures are being incurred on capital account and all that parliament is called upon to do is to ratify what the management does.

[Mr. R. B. Hanson.]

I am not questioning the judgment of the management in most cases. Probably if left alone and freed from political interference the management would operate the road on a basis that would show returns, especially when the earning power is as high as it is to-day. But every once in a while some minister, like the Minister of Transport, steps into the picture and says, "You have to honour my election pledges." That is exactly what has happened in connection with the Montreal terminal. It is a shocking thing. I have said it on more than one occasion, and I repeat it here to-day: this country was called upon to pay an election debt of $30,000,000 because the Minister of Transport, then the Minister of Public Works, made an election pledge in a by-election in Montreal years before the war began. However desirable it was to clear up the railway situation existing in Montreal it is little less than criminal to keep on with the work when the country is spending at the rate of $5,000,000 a day on the war effort. We are being taxed to the limit to pay for this war, yet the country is asked to meet a $30,000,000 capital expenditure to fill up that hole in the ground in Montreal in order to redeem the word of the Minister of Transport, then the Minister of Public Works.

There are many other things that I could refer to, but generally speaking I want to know why it was that with all the traffic that accrued to the system, splendid increases during the last year, it went behind $17,000,000, and this year is budgeting for no profit on operations. It is incomprehensible to me. Every class one railroad on the north American continent is doing better. The United States has not yet entered the war but is approximating that position, and as a result there has been a great increase in railway traffic. Every railway in the United States is budgeting for increased earnings, in most cases sufficiently large to take them out of the red. I have in mind at the moment the New Haven system, which operates in New England. A very large portion of their revenue comes from passenger traffic, which has felt bus competition perhaps even in a greater degree than freight traffic has felt truck competition. Yet I saw the statement very recently that the New Haven is budgeting for a surplus on operations next year.

I am delighted to see that earnings are going up by leaps and bounds, because as long as that state of things continues it makes more remote the time when we shall be called upon again—if we ever are; I hope we never shall be—to pay operating deficits. But the minister and the management should explain why it

was that we had to pay an operating deficit last year of $17,000,000, in addition as I understand—I am subject to correction—to arrangements for new capital expenditure; and why it is that they are budgeting for no profit this year. This information is due to the Canadian people and I would ask the minister to give us the fullest possible statement.

Mr. POULIOT: The hon. leader of the opposition should not forget that a considerable amount of money has been already spent on the terminal station at Montreal. The plan was made a long time ago, but on account of the depression the work was suspended for some time. The money that has been spent is an investment and an asset, but it is a dead asset so long as the work is not completed.

Mr. HANSON (York-Sunbury): I should like to have the defence come from the minister, not the hon. member for Témiscouata.

Mr. POULIOT: But as a member from the province of Quebec I can say a few words before the minister answers. I am not answering in place of the minister. As a member from the province of Quebec I am answering complaints made by the leader of the opposition about expenditures made in the province of Quebec.

Mr. HANSON (York-Sunbury): I was not complaining because the expenditure is made in the province of Quebec. The hon. member for Témiscouata must not try to represent me as an enemy of Quebec or of the national system. I object to that. It is not the basis of my remarks, although I have no doubt that will be the basis of his remarks in the province of Quebec.

Mr. POULIOT: I do not say that, and the leader of the opposition, like any other hon. member, should obey the rules. I have the floor. I did not utter the words that the leader of the opposition has imputed to me, and it is just as bad to put words in the mouth of a member who has not uttered them as to impute motives. Besides, although the hon. member for York-Sunbury is the leader of the opposition, he has no more rights than the member for Témiscouata or the member for any other constituency. Therefore when I have the floor I object strongly to the leader of the opposition rising as he did, unless he rises to a question of privilege or asks permission to interrupt me. I give him that little lesson in parliamentary practice; it may be useful to him. I do not want to be interrupted by him any more, and I do not want him to put words in my mouth that I have not uttered. He is a little older than I am and it is time he read the rules. He has enough experience to be able to understand them.

That being said, I never stated that the leader of the opposition was an enemy of the province of Quebec. What I said was that it is because this money is being spent in Montreal that there is so much criticism.

Mr. HANSON (York-Sunbury): No—because it is war time.

Mr. POULIOT: No; it was undertaken before the war, and it is important to complete it now. When my hon. friend comes from his beautiful country into the city of Montreal he does not come into a station, he comes into a shed. The most shameful so-called station in Canada is that of the Canadian National Railways in Montreal. Every hon. member who has visited the metropolis of Canada knows that. It is filthy, it is abominable, it is a bad advertisement for Canada. I believe that the government was very wise not to spend at once the whole amount required for the construction of that station. It was done gradually as conditions permitted. But it was rightly done, and now there is a small amount, something like $2,000,000, required to complete it and make the dead asset a live asset. Surely that is worth doing. It is very good business. My hon. friend must remember that at the time Mr. Bennett was in power—I do not know whether he was then a minister, but at any rate he was a member supporting that government—the big sign that faces up Windsor street in Montreal beside the Bonaventure station, the sign that is seen from the Windsor hotel, was not lighted for months and months, and it was only as a result of protests of Liberal members that it was lighted again. It was the Canadian Pacific Railway company that asked the government not to light it, because it was too good an advertisement for the national railways. That is the kind of petty thing that was done by the Bennett government for the Canadian Pacific railway and against the Canadian National railways.

Where does this protest come from? It comes from the Canadian Pacific railway. Either knowingly or not the hon. gentleman is arguing the case of the C.P.R. against the C.N.R. when he complains about the construction of the new terminal in Montreal. Montreal is a growing city. Montreal is much larger now than it was when the terminal was started, and the hon. gentleman has travelled enough to see that in many places the big railways have stations that are rather close together. But I would ask the hon. gentleman another question. Let him speak about the closing of the Canadian

National station in his own beautiful city of Fredericton. After I am through I should like him to give some explanation about that. Fredericton is not as large as Montreal, but it is the capital city of the great province of New Brunswick and I do not understand why the Canadian National station there should be closed. When was it closed? And was it not the hon. gentleman himself who asked to have the Canadian National station closed at Fredericton?

Mr. HANSON (York-Sunbury): The hon. gentleman does me too much honour.

Mr. POULIOT: Just a moment; my hon. friend will have an opportunity to speak when I am through. One spring there was so much ice in the river that the bridge at Fredericton was carried away; and it was due to the persistent effort and very excellent work of the hon. gentleman's illustrious predecessor, Hon. W. G. Clark, now lieutenant governor of New Brunswick and then one of my best aides on the civil service committee, that the bridge was rebuilt. I am sure the hon. gentleman will not say that was a useless expenditure; I am sure he will not make any joking references to war-time expenditures in reference to the Fredericton bridge. But I wonder if it would have been rebuilt if the Bennett government had been in power, and the hon. gentleman had been a member of that government. I know the trouble that was experienced by the great lieutenant governor of the great province of New Brunswick in having that bridge constructed; he did very excellent work, and he was successful. We did not complain about it; we realized that it was necessary and in the public interest.

The hon. gentleman is so much concerned about the importance of his functions that he does not like an ordinary hon. member to speak to him; he wants to be answered only by a minister of the crown. A privy councillor can be answered only by a minister, he believes; a back bencher, or a member of the rank and file, has not the right to answer the hon. gentleman. Well, I am not impressed by high hats. When I was a child I was told that a cat might look at a queen. I am not a cat; the hon. gentleman is not a queen; all comparisons are odious, but everyone will understand what I mean. I want the hon. gentleman to be just as generous to Montreal as Quebec members have been to Fredericton and Toronto, the holy city. We do not complain about anything when it is useful and necessary. Let us not be narrow; let us not be pettifogging; let us not be hair-splitters, and in our humble spheres let us all try to be builders of Canada.

[Mr. Pouliot.]

Mr. CARDIN: The first criticism offered by the leader of the opposition had to do with the absence of a prospective surplus in the finances of the Canadian National for the year 1941. I am afraid the hon. gentleman is asking a little too much. The situation of the Canadian National is most encouraging, however, from the financial point of view; and if there is no indication of a surplus in dollars and cents for 1941 at least we have the pleasure of observing that this year parliament is not called upon to provide for any deficit, as we have had to do in the years gone by. The position of the railway this year is going to be better by at least sixteen or seventeen million dollars, and it is because the revenues of the Canadian National have increased that we are able to avoid the necessity of coming to parliament to make up the annual deficit.

My hon. friend made one observation which I am quite sure did not come from his heart. He indicated, or rather insinuated, that the present directors of the Canadian National were not as free in their deliberations and the exercise of their judgment as they have been in the past. I can assure my hon. friend that nothing has been done to interfere with the free disposition of Canadian National affairs by the Canadian National board of directors. I have not interfered in any manner with the exercise of their judgment; I have not pressed my views upon them contrary to their will or against the public interest.

Mr. HANSON (York-Sunbury): What about your predecessor?

Mr. CARDIN: I imagine I could say the same thing about my predecessors, but I would not like to go into that field because I might be inclined to say things as to which I have some information but about which I am not perfectly sure. At all events let me reassure my hon. friend that the board of directors is as free now as it has ever been since the inception of the Canadian National system.

The hon. gentleman referred to two capital expenditures which apparently he does not like. The first was the expenditure to be made in the establishment of a central traffic control between Pacific Junction and Truro.

Mr. HANSON (York-Sunbury): I did not say I did not like it; I questioned the advisability of that expenditure in war time, and wondered whether the system would be efficacious in our climate.

Mr. CARDIN: This recommendation came directly from the management of the Canadian National.

Mr. HANSON (York-Sunbury): I have no doubt about that.

Mr. CARDIN: The expenditure is being made on the basis of a strong recommendation coming from the technical officers of the Canadian National. I had no knowledge, and the government had no knowledge, of this matter before it was suggested to us in a report made by the officials of the railway, and the reason for it is the increase in traffic which has developed, more particularly since the beginning of the war.

Mr. HANSON (York-Sunbury): I accept that without reservation.

Mr. CARDIN: My hon. friend knows the situation exactly in that locality. The directors of the Canadian National admit that they might be able to handle the situation that exists at present in that section of the line; but with the traffic continually increasing, and having in mind representations of the Department of Munitions and Supply and other war organizations that during 1941 and 1942 the railway will have to look after much more traffic, they are afraid that a bottle-neck may develop in that section, which is mainly a single track service.

Mr. HANSON (York-Sunbury): And a one way service.

Mr. CARDIN: Yes; and it is the opinion of the technical men and officials of the company that otherwise it would be impossible properly and satisfactorily to handle a much heavier traffic over that line.

Mr. HANSON (York-Sunbury): Will the minister say whether at any time, because of congestion in the winter season, which I admit, the transportation of goods for overseas has been delayed? In other words will he say that a single ship has been forced to stay at an eastern Canadian port for lack of cargo?

Mr. CARDIN: No, I cannot say that; my hon. friend is quite correct. Up to the present time the railway facilities have been adequate to meet the situation, and as a matter of fact the Canadian National has taken more traffic to Halifax than the port has been capable of handling.

Mr. HANSON (York-Sunbury): I think that is true.

Mr. CARDIN: But the port facilities of Halifax are being developed, and that development will increase tremendously during 1941. A proposal has been advanced to use a certain number of lighters, on which the freight will be transferred from the railroad cars to the ships in the port.

Mr. HANSON (York-Sunbury): They are going to adopt a lighterage system?

Mr. CARDIN: Yes, and the facilities at the port of Halifax are to be substantially developed. According to information we get from the officials of the Canadian National Railways there is not only the possibility but the probability that with the present railway facilities between Pacific Junction and Truro we would not be able to handle the traffic.

Mr. HANSON (York-Sunbury): Would the alternative be a double track?

Mr. CARDIN: That would be more expensive.

Mr. HANSON (York-Sunbury): Yes, I believe so.

Mr. CARDIN: In all sincerity I can assure my hon. friend that the directors and technical men of the Canadian National Railways were in no shape or form influenced by the minister or by the government in proposing such an expenditure.

Mr. HANSON (York-Sunbury): I am prepared to accept that.

Mr. CARDIN: They thought it was in the best interests of the Canadian National Railways, and believed it to be absolutely necessary in order to avoid the creation of what is known as a bottle-neck in that section of our line.

I come now to another point with which my name has been often associated. On many occasions in different parts of the country and in the House of Commons it has been suggested that I forced the hand of the Canadian National Railways toward the completion of the Montreal terminal. That is not the situation.

Mr. HANSON (York-Sunbury): Perhaps that is a crude way of putting it.

Mr. CARDIN: What I said in Montreal, and what I advocated not only on one but on several occasions, was only the adoption of a proposal which had come from the railway itself. The completion of the Montreal terminal is not being imposed upon the Canadian National Railways by the present minister or the government, either now or at any time. I advocated the completion of the terminal because the technical advisers and officials of the railway had expressed the view that it was desirable and in its interest that it be completed. One has but to remember what the situation was, in order to realize the truth of that suggestion. Many people have a misconception of the whole situation. The terminal project was originated as far back as 1929, when the revenues of the railways were increasing substantially. Work was

abandoned in 1931 or 1932, when we reached the depression years. But when the question was revived in 1939 the Canadian people had already invested in that terminal nearly $17,000,000. It was lying as a dead asset; it was bringing in no revenue, giving no facilities to the railway, in a word remaining in the same position as that in which it has stood for a long time.

It was decided in 1939 to proceed further with the work. I might add in passing that I had no responsibility with respect to railways at that time. The scheme was one which first of all involved an exenditure of $53,000,000 or $55,000,000.

Mr. HANSON (York-Sunbury): A grandiloquent scheme.

Mr. CARDIN: Yes. It was reexamined in 1939, and it was then established that with an additional expenditure of about $12,000,000 the work would be completed and facilities made available. It was thought at that time it would be in the interests of the Canadian National Railways to take advantage of the large expenditure which had been made up to that date, but which was then lying dormant, and to proceed with the work. The question has been before the committee on railways and shipping. It has been approved by a majority of the representatives of the people of Canada. It has been discussed and examined in all its aspects by members of the committee, and has been discussed openly in parliament.

When I spoke in Montreal—and I am not ashamed of what I said; I do not wish to retract one word—I only expressed the desire and indicated my determination to see that a project which had been proposed by the railway itself should be carried out. Any man who has knowledge of the city of Montreal, and of the facilities in that city at the disposal of the Canadian National Railways, will not hesitate to admit that something must be done at that point, if the Canadian National railway system is to expect to obtain its fair share of the traffic in freight and passengers. It is entitled to that traffic.

Any citizen of Canada, whether he lives in Montreal, Winnipeg or Vancouver, can be proud of and satisfied with work which will do away with that rat-nest which is called Bonaventure station in Montreal, and no people, except citizens of Montreal, would have tolerated such a condition so long.

Mr. HANSON (York-Sunbury): And a war on! We are always being told there is a war on.

[Mr. Cardin.]

Mr. CARDIN: They are the only people in Canada who have been tolerating a situation such as the one which has existed in Montreal since 1929. In 1939, $17,000,000 had already been expended, and to make the terminal useful there was involved the matter of adding $12,000,000 in order to complete the project and to make it a useful and profitable undertaking for the railway.

People are arguing as though the government were spending $30,000,000 this year on the Montreal terminal. We see articles in the newspapers and listen to speeches in which the question is asked: "What is the use of spending $30,000,000 to provide a terminal in Montreal?" That is not the situation at all. Those who speak that way simply desire to prejudice public opinion outside this house against the interests of the Canadian National Railways. I have explained that $17,000,000 had been spent before the work was stopped in 1931. Since 1939, when the project was revived, there will have been spent—including this year's expenditures—the sum of $12,000,000, to revive that project and to turn it into a reasonable and profitable undertaking for the railway.

This matter involves not only the building of a station. The Montreal terminal project covers the relaying of tracks and the opening of the coach yard at Point St. Charles, the unifying of five Canadian National railway stations, and does away with twenty level crossings in St. Henri, a very active centre of Montreal. What has been done? Up to the present we have disposed of eleven of those level crossings, which had been responsible for the deaths of many people and had caused enormous delays in the handling of freight and passenger trains, to the detriment of the Canadian National Railways.

If the project is completed, the remaining nine of the twenty level street crossings will be relieved to a large extent, because passenger traffic will be taken off them. Only the freight traffic to be handled at the Bonaventure and Turcot terminals will remain. When the new station is established the passenger, mail and express traffic will pass through the new station, and the Bonaventure and Turcot areas will be used only for the transportation of freight. This will give freight handling facilities to the railway covering an area of 21,000 square feet of space at present occupied by express and mail services in Bonaventure station. Instead of moving passenger coaches several miles from Bonaventure station to Turcot station, they will be moved to the new coach yard which has been established at Point St. Charles.

Many people seem to have a misconception of the situation and express exaggerated views. Their minds have been affected to a certain extent by propaganda which has been put out, not in this house, against the Canadian National Railways and in favour of its competitor. I am not afraid to mention it; that is the situation. As a member of the government, as one having something to do with the Canadian National Railways, as a citizen of Canada, I want to give this organization of the people a fair opportunity of competing with its principal competitor and others in the handling of freight and passengers. It is of no use to complain that the Canadian National Railways is not doing this or that, is not up to standard. Let us give to the Canadian National Railways the necessary facilities to fight their own battles—as Mr. Churchill has said "give them the tools"— and they will be in position to show better results than they have shown in the past. Probably in the course of a year or two they will be able to show what my hon. friends have been asking for, a surplus, which will help to reduce the indebtedness of the country in regard to this great undertaking.

I have no desire to hurt the Canadian Pacific Railway. I have the greatest respect and consideration for that company, and have always admired the men who have directed its affairs. At all times I have been proud as a Canadian of the developments which have resulted from the establishment of the Canadian Pacific Railway. But conditions have been such that the Canadian people now own a railway system which has been acquired with their own money. It is only right that we should give it a fair deal and provide it with all the reasonable facilities it requires for the proper handling of freight and passengers and the betterment of its position.

Without wanting to be unfair or to hurt the feelings of anyone, which is not my practice, I must say I was surprised at the attitude taken by certain hon. gentlemen in regard to the Canadian National Railways. To a large extent the Canadian National Railways is the baby of hon. gentlemen opposite. It was in 1917, under the war measures act of that day and under closure, that the Canadian Northern Railway became the property of the Canadian people. A price of $10,000,000 was paid for the shares of a railway which was in such financial condition that it had to be purchased in order to preserve the service. It was during a war that that expenditure was made, and I think I have some reason for saying that to a certain extent it is the child of most of those who criticize the Canadian National Railways to-day. Apparently they are blaming us because we are not ready to strangle their own baby, because we want to provide for its growing up, because we want it to be able to take a proper place in the affairs of the country. That is the situation. The Liberal party is not responsible for it. We accepted the gift when we came into power in 1921; we undertook the task. I can recall the speeches that were delivered then.

Mr. HANSON (York-Sunbury): Does the minister not remember the attitude taken by the then member for La Prairie-Napierville, who sat about where the minister now sits, and who said that he was going to give it away for a dollar?

Mr. CARDIN: I remember that. I remember quite well when the question was raised in the House of Commons in 1917. I was in the house at the time and I remember the bitter discussion that took place between the present leader of the Conservative party in the other house, and the Right Hon. Mr. Bennett. Those two gentlemen were not in agreement. In those days Mr. Meighen was advocating the purchase of the Canadian Northern and was using all the powers of his keen intellect to convince parliament that that should be done. He even went to Montreal in order to convince St. James street that it would be a good deal to buy the Canadian Northern. He was very effective in his argument and it was a pleasure to listen to him state his case. As a back bencher I was very much interested. But he got a strong reply from Mr. Bennett, who was full of enthusiasm in those days, as he always has been. He disagreed bitterly with Mr. Meighen. Many people in Montreal and in other sections of the country did not like the decision of the so-called union government in 1917 to acquire that railway, but they accepted it. Since that time the critics have never stopped trying to interfere—I repeat, not in this house—with the free and natural development of the Canadian National Railways. They have the same interests in mind that they had when they opposed the acquisition of the Canadian Northern.

The situation is not new. The arguments which are advanced to-day, are exactly the same as those that were advanced in those days. The same arguments have always been advanced at any time that the Canadian National Railways proposed something in the way of capital expenditure in order to better its position. It is the same position, the same thing. But now they add a new element—the war. We are all ready to admit that during the war we must dispense with certain expenditures. But that policy should

not be carried to the point of strangling our own organization and preventing it from doing business in a proper manner and developing its capacities.

I might mention to my hon. friend the lighterage system which it is proposed to establish in the port of Halifax. After the war this will have to be handed over to the salvage officer to be disposed of for a few dollars. But it means an expenditure of from three to four million dollars now. This expenditure must be made in order to accommodate the traffic through that port. It is an expenditure that will be gone forever, but it is considered necessary in order to expedite the flow of food, munitions, machinery, tools and other fabricated materials. The Canadian National Railways are doing the same thing. This new development will help them to handle, not only their ordinary business but their war business as well, which at present is a heavy task. One has only to listen to what is said by the officers of the Canadian National Railways, or read the reports of the company, to become convinced that from the point of view of the war, this is most important. For $2,000,000 we will be able to bring into full usefulness an undertaking which has already cost the country $27,000,000. Would it be a proper attitude for even a business man to take to say, "We have $27,000,000 frozen there; it will take only $2,000,000 to make it a live asset, but we will not spend that because of the war?" That kind of argument is not in favour of the war; it is against the war, and I do not hesitate to make that statement. These facilities will be useful for both war and peace purposes.

I ask my hon. friends to pardon the little heat in my observations. Those who have known me for some time realize that it is difficult for me to argue in the tone used by some people without heating up a little. In order to do that I would have to change my temperament and nature, and it is too late now at my age to do that. I have had no intention of hurting the feelings of anyone; I simply wanted to give the situation as I understood it. I hope there will be no resentment with respect to the observations I have made.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. COLDWELL: This afternoon at one o'clock I was going to make a few remarks, following the minister. I listened with a great deal of interest to the discussion this morning. When the promise that the station was to be completed in Montreal, was made during a by-election, I felt that a great disservice had been performed to the national railways. Having said that, I am not criticizing the completion of this project, because I believe the Canadian National Railways need a terminal which is a credit to the system. Several years ago when I was travelling west by train a gentleman from the United States was sitting beside me, and in the course of the discussion I asked him if he had ever travelled across Canada on the Canadian National railway. He said, "No; my impression is that it is a rather dilapidated institution." I said, "How did you get that impression?" "Well," he said, "I have seen its station in Montreal, and I thought the railway looked like a small affair,"—on account of the station at Montreal. As a matter of fact, of course, we know that the Canadian National railway operates, at least in its transcontinental service, as fine and as comfortable and as efficient a train with as good a service as can be found anywhere in north America. I believe therefore that the completion of the terminal at Montreal is justifiable from that point of view. Unfortunately, as I have said, the announcement of the construction was injected into a by-election, with the result that many people across Canada think that the government is fulfilling a pre by-election promise. It is unfortunate that that impression should be abroad.

With regard to the resolution now before us, expenditures upon the national railway have to be made in order to provide us with the efficient transportation service which we require. I am always suspicious when the national railway is under attack, because there are people in this country who would like to see the system taken out of public hands and returned to private control. But when we look over the record we find that the competing railway, efficient and privately-owned, has probably received, taking into consideration the times in which we live, greater, or as great financial assistance as the national railway has ever received.

The Drayton-Acworth commission's report in 1917 gave some figures which, I suggest, we might well look at occasionally. It will be found that to June 30, 1916, public subsidies to private railways amounted to $163,000,000; the proceeds of land granted, $158,000,000; loans, which were never repaid, $118,000,000; guarantees of securities, over $268,000,000, and the land grants exceeded 14,700,000 acres. If we examine the record of grants to the private railway with which comparisons are so often made, we find that gifts to the Canadian Pacific Railway alone amounted to $228,500,000, plus 11,482,132 acres of land valued by

the company itself at over $119,000,000. Our national railway system, or those who organized it after the various bankrupt institutions were taken over by the crown, have really done a remarkable job in welding it into a strong and efficient railway system. I am not going into the history of railway building this afternoon, but it will be recalled that when the government was constructing the transcontinental railway—the Grand Trunk Pacific linked up with the section built by the government across northern Quebec and northern Ontario—the same government at the same time was guaranteeing the bonds of a third transcontinental railway which was being promoted by Mackenzie and Mann.

If one looks back at the building up of the railway, nationally owned—or rather nationally controlled, for that is the more appropriate term, since we are really operating the railway not so much for the benefit of the people of Canada as for the interests that were on the verge of bankruptcy in 1917 and 1918—I believe that the charges which are sometimes made of extravagance—and we have an inference of extravagance at the present time—may be regarded from the point of view that, if we compare the history of the two railroads, both have been guilty of certain extravagances, and that the one has no right to cast a stone at the other.

I was looking up some figures at noon to-day, and I found, for example, that between 1923 and 1931 over $450,000,000 of capital were expended on reconditioning the run-down railways which now comprise the Canadian National railway system. In the same period of time the Canadian Pacific Railway, which was in much better shape and had far less mileage, spent $253,000,000 for the same purpose. It was a period of reconditioning and rehabilitation of railways following the great war.

I have often heard criticisms of the Canadian National system on the ground of extravagance in the building of hotels. But again let us consider the comparative expenditures. The Canadian Pacific Railway, starting with $25,000,000 invested in hotel buildings, increased the investment to $48,000,000, an addition of $23,000,000. In a similar period of time the Canadian National Railways increased their expenditures on hotels from $10,000,000 to $22,000,000, an addition of $12,000,000. Let us keep this picture clearly before us.

There are still those to-day who advocate the amalgamation of the two railway systems. I have always opposed amalgamation because I believe that the propaganda in its favour has been put out by private interests who seek the control of our transportation systems. I believe that the national road should be retained as a national asset, and that it is our responsibility to parliament to keep it out of politics in every particular. That is why I stated at the outset that in my opinion it was unfortunate and was a grave error to inject into a by-election the building of the terminal in Montreal. It may have elected an hon. gentleman; nevertheless it has caused a great deal of criticism all across Canada. Perhaps the hon. gentleman could have been elected without that promise. I do not know.

I support the bill in so far as it will further assist our railway system to meet the needs of the time; and in the expenditure of this money to make the railway more efficient I hope the government will take into consideration the promotion in every way of the business welfare of our own government road. I have no animosity towards the privately-owned road. It has rendered a great service to the country, but it has been very well paid for that service, and I trust that our national system will continue to render a still more excellent service than it has given in the past.

Mr. HANSON (York-Sunbury): May I first of all extend my personal congratulations to the Minister of Transport (Mr. Cardin) on the vigorous manner in which he defended himself this morning. Time has not withered his intellect, whatever it may have done to his physique, and it was a pleasure to me to see him exhibit once more across the floor of this house some of that old fire which animated him in days gone by. I can safely say that as between us as individuals there has never been anything but the very best feeling, and if I made an attack upon him for the election promise he gave in the city of Montreal prior to the resuscitation of this Montreal terminal question, he will understand that I was attacking him as a politician and not as an individual.

In the course of his remarks the minister referred to the birth of the national system. What he said in that regard was true. The system was set up by a former Conservative government on the theory, and because of the fact, that private interests had failed and that this country was at war, and that these railways could not or should not be allowed to go into the hands of a receivership at a time when the country's credit was being strained to its utmost to sustain a national war effort. That may have been a mistake; I do not know. I do not think I am in a position to judge, or that anyone is in a position to judge. At all events, that was the consensus at that time, and whether history

has borne out the wisdom of that judgment I leave to hon. members to decide for themselves.

I do recall, however, having read with a good deal of intellectual pleasure the attacks that were made from across the floor of this house, from this place, upon the proposals then brought before parliament. If anyone wants interesting reading, I suggest that he read the speeches of D. D. McKenzie, house leader of the Liberal party when that legislation was brought into parliament. If he wants to come down to more modern times, let him read the speeches of the late Walter Mitchell in this house, delivered from that side of the house after the change of government in 1921. Let the reader see what he thought of the national railway system, and then reflect that later on the Liberal party sought to take into its bosom this orphan child which they would have condemned to death at the time of its birth.

We had better view this matter realistically. We have the national system and I think that as long as conditions are as they are to-day we shall have it. I do not want anyone to say that I am an enemy of the national system. I never have been. Personally I have consistently opposed the physical amalgamation of the two railroads. I am wondering, though, what will happen after the war. Some government may have to deal with a problem which was acute during the depression years. That is something we shall have to anticipate, and that is one reason why I want the management of the national railways at the present time to prepare for the rainy day that is bound to come, and if there is any possibility of doing so to set aside a reserve against the time which I think will come. Do not let anyone say that I have ever attacked the national system in this house. I have never had any professional connection with any railway except the national system. For ten years I acted as counsel for the system in the province of New Brunswick, between 1910 and 1921, and the former chief counsel of the railway did me the honour to say that I had won more lawsuits for the government railway system than any other counsel in any given period. I was proud of my connection with the national railways.

Mr. MARTIN: They should have been proud of you.

Mr. HANSON (York-Sunbury): Well, they paid me and I think they discharged fully their obligations to me as I endeavoured to discharge my obligations to them. My remarks with respect to the management in connection with the Montreal terminals are based upon this theory. I know that a grandiloquent scheme was started by Sir Henry Thornton, estimated to cost $60,000,000, and having regard to the expenditures that were made at that time it would probably have run into far more money than that. The undertaking was stopped, of necessity, during the depression. I know the site was an eyesore in Montreal—that "ditch" as it has been called. There were operating difficulties, but they were operating difficulties which the railway encountered and overcame for a period of more than ten years.

It was always visualized, I believe, that either the scheme itself or something analogous to it would some day be completed. It is too bad that a start was made as a result of a political promise. The minister denies that. Shall I put it this way, that the management had an intelligent anticipation of the minister's wishes. That is the most charitable view.

Mr. CARDIN: It is a great compliment the hon. member is paying me.

Mr. HANSON (York-Sunbury): I am complimentary to the minister. I have always been complimentary to him. He is of a mental and intellectual stature that commands my admiration. I dare say he is the most astute politician that ever came out of the province of Quebec. That remark is not uncomplimentary, and is not intended to be.

The resumption of this undertaking when the war broke out was astonishing. What was the government's policy with respect to all other public works? It clamped down on everything, in the interest of conservation of resources for the war effort. But this undertaking was not touched. That is what I am complaining of, and that alone. I could take hon. members down to the little city of Fredericton where an agricultural laboratory was being built. Some $7,000 was required to complete it, but the work was stopped, and unless great care has been taken the building must have greatly deteriorated. I understand arrangements were ultimately made to cover it in and save the structure. But no one has criticized that government policy. That was a proper course to pursue and is the course which ought to have been pursued in connection with the Montreal terminal. But they went on spending the money and are spending it now. Of course it would be silly to stop it at this stage and I am not suggesting that. What I was suggesting is that it could well have waited.

The hon. member for Témiscouata did me too much honour in suggesting that I was the instigator or father of the idea of union

terminals in Fredericton. What was the position there? Both railways enter that city; each had separate freight facilities and separate passenger facilities. The freight facilities of the national railway were incomparably better than those of the Canadian Pacific, and adjoined the Canadian Pacific tracks and yards. The Canadian Pacific Railway had a much better located passenger station. The officials themselves, in order to cut down expenditure during the war, met and agreed to combine the facilities. The arrangement was consummated before the public knew anything about it. The passenger facilities of the Canadian Pacific and the freight facilities of the Canadian National were to be used. It was a common sense arrangement, and has worked out well and to the satisfaction of the community, although the saving has perhaps not been as much as was hoped or anticipated. That is the sort of arrangement that should take place in a good many places in this country, with consequent elimination of duplicate services. All this question of amalgamation, or whatever you would call it, has receded into the background. No one hears anything more about it. Circumstances alter cases, and the question is not a live one to-day.

Coming back to the resolution, those of us who are not members of the standing committee on railways and shipping should have from the minister some definite information as to what really underlies this resolution. As I said this morning, a big railway system of necessity must have capital expenditures every year. It could not be otherwise. A portion of these capital expenditures is for refunding operations. These happen every year. But the membership of the house should be informed as to every aspect of the proposal underlying this resolution. And I am asking for information with respect to the refunding of equipment trust certificates.

Mr. CARDIN: In the absence of the Minister of Finance I can give to my hon. friend at least a part of the information he seeks. But before doing so I cannot help expressing my thanks for his kind words in regard to myself and the little I have been able to achieve in my political life. I hope hon. members will understand that I am not as bad as he pictured me by overwhelming me with all kinds of compliments in regard to my political sagacity.

The amount of $29,414,206 which is required by the Canadian National railways for the year 1941 compares with an amount of $21,000,000 in 1940 and somewhat similar amounts which have been provided by parliament as far back as my recollection goes, up to 1937.

The first item is additions and betterments. This represents a proposed expenditure of $15,691,257. The second is new equipment purchases, $13,270,206. The new equipment which is required by the railway is requested mainly on representations made by the Department of Munitions and Supply and the war departments, which state that the traffic that will have to be moved during 1941 will exceed by a very large amount the traffic moved by the railway during 1940. As a result of examination of the requirements for munitions and war materials it has been represented to the railway that the amount of freight they will be expected to move during 1942 will exceed by far that which is expected for the year 1941. Basing their estimates on these representations, made to them by those who are supposed to know, as to the volume of freight that the railway will be called upon to move, it was decided by the management that they should provide additional cars and locomotives required for the movement of that additional traffic.

Next is the acquisition of securities, amounting to $340,000. I can give the details of those securities. They are: Atlantic and St. Lawrence Railroad Company, Toronto Terminals Railway Company, Northern Alberta Railways Company, Chicago and Western Indiana Railroad Company; total $340,000.

Mr. HANSON (York-Sunbury): Are these annual accruals, or are they buying these securities in?

Mr. CARDIN: No, they are annual. We provide also for maturing capital obligations, sinking fund and equipment payments. The amount of that item in round figures is $9,378,000. If my hon. friend desires I can give a list of the maturing capital obligations.

Mr. HANSON (York-Sunbury): That is the $9,378,000?

Mr. CARDIN: Yes.

Mr. HANSON (York-Sunbury): I have that here. Just on that point, if the minister will refer to page 5 of the Canadian National budget for 1941 he will see the heading, "Retirement of maturing capital obligations, sinking fund and equipment principal payments". Then follows a tabulated statement of the different issues, beginning with April 16 and running down to December 31. I see an issue dated May 1, of Canadian National four and a half per cent equipment trust certificates amounting to $1,000,000. Is this particular issue a serial maturity falling due May 1, 1941, issued to buy equipment in days gone by, which ordinarily, under railway practice, should be paid out of earnings? I am just taking that as one illustration.

Mr. CARDIN: I do not think I could do better than read from the evidence of Mr. Cooper, comptroller of the Canadian National, as it appears at page 96 of volume 2 of the minutes of proceedings of the railways and shipping committee:

This, of course, is purely a financial transaction. We are paying off funded debt, and repayment of funded debt has no effect on the income statement as such. It is simply a reduction of the funded debt liability account. If it is in your mind, for instance, that these annual instalments represent an annual charge to the operations for the wearing out of the equipment against which they were issued, then I think your idea is wrong. The charge to operations with respect to the wearing out of the equipment itself is taken care of by the charge for depreciation.

Mr. HANSON (York-Sunbury): What is the position of the charge for depreciation on all the rolling stock?

Mr. CARDIN: The estimated depreciation reserve increase for 1941 is $9,269,257, of which only $2,069,257 is going to be required for what is called physical retirement of stock. The balance of $7,200,000 is to be used for capital expenditure; and the bill which will be presented after the resolution is adopted will provide for the utilization of that balance of $7,200,000. I am told that it was agreed in 1940 that no sinking fund should be kept by the railway, that they should not invest the amount of money they might put aside in the depreciation account; but that if they required it they would have that fund for capital expenditures. The money would be there; it would be money or material acquired or purchased.

Mr. HANSON (York-Sunbury): The minister said the reason for the large amount requested for capital expenditure was the need for new equipment. I direct his attention to page 3 of the railway budget, where I find this item: "New equipment purchases: Canadian National Railways: Freight cars, 125 ore cars." Is that a war requirement? "100 overhead refrigerator cars." Is that a war requirement? "250 70-ton triple hopper cars." Is that a war requirement? "200 52-foot flat cars." I would assume that to be a war requirement. Then there are to be purchased 25 air-conditional first-class coaches; 7 steel mail and baggage cars, and 8 second hand coaches. Are these coaches being bought in the United States?

Mr. CARDIN: Yes.

Mr. HANSON (York-Sunbury): The only item covering new locomotives is for the Grand Trunk Western, who are buying 25 locomotives and a very substantial number of freight cars including 200 50-foot auto cars. I hardly think the budget bears out the minister's explanation with regard to war requirements.

Mr. CARDIN: I was not expressing myself very clearly if hon. members understood me to say that all this was justified only in connection with war purposes. I am told by the technical officers of the Canadian National that they are short of equipment for the ordinary work of the railway as well as for war purposes. They are short of passenger coaches, for example, even now; they are also short of those types of freight cars to which the hon. gentleman has just referred. If we want to cope with the present situation in regard to ordinary traffic, and also in regard to war traffic, we must have this equipment not only in Canada but in the United States. If the war had not occurred we would not require as much equipment, but these purchases are necessary partly for ordinary purposes and partly for war purposes.

My hon. friend mentioned the locomotives. We are providing for the transfer to Canada of twenty-five locomotives which are not entirely suitable to meet the necessities of the service on the lines in the United States but which will be quite sufficient to meet the necessities of the service in Canada. Therefore we are proposing to have twenty-five additional locomotives built in the United States for service in that country. We propose to do this under an equipment trust by paying a certain amount of cash, as my hon. friend mentioned in his opening remarks this morning, and the balance in instalments. We are not building twenty-five locomotives in Canada. We could not, in war circumstances, readily build them here.

Mr. HANSON (York-Sunbury): That position is unquestionable. I agree that the railway must have new rolling stock.

Mr. CARDIN: Exactly. But I do not want to be taken too literally when I say this is required exclusively for war purposes. I may have gone a little too far in what I said previously in that regard, but the main expenditure is to cover the necessities of the war.

Mr. HARRIS (Danforth): My first observation is that I do not feel disposed to join in the mutual admiration society which occupied so much time this morning. I hope the minister will understand that, and accept what I now say in the spirit in which it is offered.

For the last decade, ever since we first set up the committee on railways and shipping, time after time we have asked the management of the Canadian National Railways to set their accounts in the same order as obtains

in respect of class one railways in the United States. It has been suggested that they set up the depreciation necessary to take care of wear and tear, so that we might have at least some comparative statement when we were considering the statement presented by the management of the railways, and that which is placed before our committee.

At long last we have a recommendation in the report before us. The resolution states:

> That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $29,414,206 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1941.

When one considers the first sentence in the resolution he must remember that when the report of the committee on railways and shipping passes the house the auditors will have mandatory powers to set up a depreciation account, in accordance with the rules of the interstate commerce commission, which governs class one railways in the United States. The amount of depreciation mentioned at one point is $11,307,000. I am of the opinion it will be a good deal more than that. That will immediately find its way into the liquid position of the railways. As I gathered from the minister's remarks, it can be used for capital expenditures, and it is possible that it should be used in that way. Nevertheless, it must be earned, and if, as the minister intimated, it is not going to be invested, and will go into capital expenditures, then I have no complaint. But if it is set up on the balance sheet as being earned, and then invested, I say to the Canadian National Railways: "Do not come back to the house next year and ask us to discharge the entire deficit, a portion of which would be accumulated from the mandatory powers asked for by the auditors in setting up depreciation reserve."

Further on in the resolution we find these words: "To authorize the making of further temporary loans to the said company for interim deficits." If this depreciation practice is proceeded with during 1941 there should be no necessity of further temporary loans to the company to take care of interim deficits, or for loans to be reimbursed from the annual revenues; use the depreciation reserves. That is all I have in my mind with regard to that part of the resolution.

Let us consider the very necessary additions to rolling stock, a condition which has been brought about by the war. Page 6 of the annual report of the Canadian National Railways sets out what is required to meet anticipated war requirements. Then it adds that the following equipment was acquired: 5 mail express cars, 4 coaches, 25 baggage cars, 60 refrigerator cars, 150 ballast cars, 15 cabooses and 21 work units. Evidently that is just for the ordinary use of the system throughout Canada, and is not necessarily related to war requirements.

I have in mind a constructive suggestion, and I am wondering if the idea I shall place before the committee has been explored. It would seem that the increased service which the Canadian National Railways have had to give because of war requirements cannot be chargeable entirely to Canadian account. A good deal of the extra traffic which to-day is carried on the Canadian National Railways arises from United Kingdom purchases in the United States. Purchases made in the mid-western states pass through Chicago and then through Canada to seaboard, and are carried in equipment of the Canadian National Railways. When our railways are transporting United Kingdom purchases in the United States they collect their toll, and thereby their revenue position is improved. Have we explored the possibility of charging to the Hyde Park agreement or to the lease-lend bill the cost of the extra equipment required to perform that service for the United Kingdom? If they were so charged could we avoid the necessity of making these further purchases of equipment, or of having our friends in the United States lend such equipment to us?

I have in mind the fact that taken as a whole our equipment is in good condition. With the cessation of hostilities the extra business we are now enjoying will disappear, and we shall have on hand a tremendous amount of equipment. That will have to be paid for, and it is possible that at the close of hostilities we may not be in too good a position to make payment of our maturities.

May I make one or two observations respecting attempts made in this chamber to get some conception of what is involved in the publicly-owned railway, and what was in the minds of some of us respecting the railway itself. The hon. member for Rosetown-Biggar (Mr. Coldwell) said he believed there were some who would still like to see this property revert to private ownership. When he made that statement someone in this corner interjected, "Where would they get the money to pay for it?" My opinion is that private funds are not available in sufficient quantities in any one repository, or in any group of privately-owned organizations, to purchase the Canadian National Railways.

Mr. COLDWELL: I was referring to private control.

Mr. HARRIS (Danforth): I shall say more about private control in a moment or two. The suggestion I am about to make may meet with the approval of the hon. member for Rosetown-Biggar. I make it after listening to debates in the house with respect to the Canadian National Railways during the last two decades. I am not going to trace the history of the railways for twenty years, but I know that I first sat in this chamber as the result of an election during which on every platform in my railroad constituency I advocated the public ownership of these more or less disjointed railways. I suggested that they become one entity, so that they might be of some real service to Canada. At no time have I changed my position—and I am still here. But at the same time, those of us who have followed that course consistently for twenty years cannot help hearing, ringing in our ears, the words, "Sell her for a dollar." That is what we heard for ten years from my hon. friends who now sit to the right of the Speaker.

Mr. CARDIN: From one.

Mr. HARRIS (Danforth): But the cheers echoed right across this chamber, the "hear, hears" and the "yea, yeas". In those days the minister was not charged with the responsibility of the conduct of the Department of Transport, and at least he did not dissent. I cannot recall any dissenting speech on his part. However, I am not going to thresh old straw; I merely mention this to show that it is impossible to keep a problem of this kind out of politics. I use the word "politics" in the higher sense, if it is possible to use it in that way. When a minister makes a statement, whether in St. Henri or elsewhere, whether he is the head of the Department of Transport or of any other department, his voice is listened to across Canada as well as in the province of Quebec. Those who are charged with the management of the railways, from the personnel on the payroll up to the directors, do not need to throw up a straw in order to see which way the wind is blowing. They cut their coat according to their cloth, as we all know. It is just plain common sense; it is an attempt to follow out the ideas which emanate from this house and which are announced by those who occupy the treasury benches.

If that is so, and we will admit it, speaking on my own responsibility and not for the party with which I am associated or for any other group, I make this suggestion. The minister more or less sits in with the directors of the railroad. There is a number of groups in this house; why not appoint from time to time two members of this house to act as directors of the Canadian National Railways for a dollar a year? Why not let them sit in with the directors and become acquainted with the railway problem? I hesitate to use the word "farce", but that is what it really is when we are asked in the short space of two or three weeks to try to analyse the statement and to know all about the Canadian National Railways.

Mr. JACKMAN: Two or three days.

Mr. HARRIS (Danforth): The hon. member for Rosedale (Mr. Jackman) says "two or three days". That has been the position this year and in previous sessions. What happened at this session? On November 22, 1940, authority was given to form a committee to deal with this matter. We waited until March 27, 1941, before the personnel was announced. On May 5 the personnel was amended, four were taken off and four were put on. The committee was finally organized on May 20 and started to sit. Then it sat morning, noon and night. Our constituents expect us to be in the chamber some of the time, but it has been my experience that as many as four committees, on which I was supposed to serve, have been sitting at the same time. I say to the minister that that is not necessary. These statements should have been ready at least in February or March and we should have got down to work immediately. Then we would have been able to give the attention to this problem which we would like to give. The last point I have made emphasizes the suggestion which I as an individual have made to the minister. I think the members of this house are big enough to be ready to serve Canada in connection with this problem and to leave their politics on the door mat before going into the directors' room.

Last year I think the railway accounts were considered in June or July, but the budget had been drawn up the previous December. We had had almost six months' experience of earnings, and it was found that these amounted to some $15,000,000 more than had been contemplated. The vote passed last year was first $15,000,000 odd and amounted finally to $17,398,971, and in July, 1940, it looked as though this would not be required. Then what happened? We asked, "Why vote it if we do not want it?" The reply was, "Well, there will not be so much wheat to be hauled, and probably we shall not have as much export business." The fact now comes out in this report that expenditures were made in other directions. As a humble member of that committee ten months ago I certainly did not expect that within the next twelve months I would be met with

a request for $3,500,000 for the Montreal terminals. I am not debating the Montreal terminals at this time, I merely say that when we voted that $15,000,000 we accepted the minister's statement that the haulage of western crops would not be so large and that we might run into a deficit during the year. Then we get this statement showing these expenditures and they include items not discussed last year.

Reverting for a moment or two to the minister's statement that there is a war on now, that there was a war on in 1917, that conditions are the same, that the speeches made then in opposition to the Canadian National Railways or the buying of the system were similar to those being made now—

Mr. CARDIN: I referred to propaganda outside the house.

Mr. HARRIS (Danforth): I recall that the minister referred to propaganda outside the house. I submit that the foundation of the propaganda outside the house and the propaganda itself are two different things. Let me speak first of the foundation for the propaganda. In 1917 we had a number of disjointed railway lines spread across Canada and the people who depended upon those lines for their connection with other parts of Canada expected that they would continue to operate. Some lines served very remote parts of the country, and the people expected that the service would be maintained. There was a universal demand that these lines be placed under public ownership. That was the condition then. The condition now is that we have a rather good system. It is an expensive system, and portions of it are not economical, but in the main it is a good system. It is a good system because we have been extravagant during the last decade in the purchase of equipment. The rails upon which the heavy cars and engines operate have been renewed, and in the main the system is in first-class order, certainly as compared with its condition in 1917. With regard to to-day's expenditure I come to my next point. There is a marked difference between conditions then and conditions now. In 1918 the United States was in the war. When the war was on and after, the New York market was open for borrowings, and we did borrow millions; we got into the billion figure. We were able to get all the money we wanted—quick money with which to discharge our obligations at that time.

The position to-day has entirely changed. Due to the neutrality law of the United States, the Johnson act, our friends in the United States are unable to lend us money. It is true that they have gone a long way in helping us with the lease-lend bill, and I hope the railway system will take advantage of anything they can obtain in the operation of that legislation. But that is not enough. We are still short of several hundred million United States dollars, and while the present acts are on the statute books at Washington, we have no place to go to get that money. So to-day, as I say, we are forced by sheer necessity to avoid all possible capital expenditures in the United States for railway supplies. Down in the maritimes, instead of double-tracking their road they are putting in safety equipment to the amount of a million and a half dollars, with the intention of assisting the movement of freight. The minister knows, I believe, the item I am referring to. Where is that equipment coming from? Rochester. How is it paid for? With United States dollars. There is a direct obligation upon the foreign exchange control board to provide a million and a half United States dollars. The degree of that necessity, in my opinion, should be measured against the necessity of providing United States dollars for war equipment, and the question should be given very serious consideration.

I turn to the next point, having reference to retirements of obligations which are coming due. As the statement is drawn this year, there is no analysis showing what part of this money has to be paid in Canadian dollars, or in sterling, or in United States dollars. For our convenience all these sums are shown in the same kind of currency. The minister should make a statement of exactly how many United States dollars we shall have to find this year, not only to meet the purchases which are being made, but to retire maturing obligations. As I have said on a previous occasion, every possible United States maturity should be renewed rather than paid off. I made a general criticism of the conduct of the treasury benches during the last three or four years, and part of that criticism is related to the Canadian National railway accounts. The first war cloud showed up some four years ago, or it may be more exactly dated about three years ago, when the Prime Minister made a statement to that effect, and the mistake which the treasury has made ever since that time was in not seeing to it that every dollar coming due in New York from then on, instead of being paid off, instead of our banks and insurance companies using the money we had in our tills to pay it off, and then tying up the cash by floating more Canadian bonds, should have been renewed. The net result of that mistaken policy is that to-day our till is bereft of liquid capital, and a great deal of that bereavement is chargeable to the fact that,

not only the railway maturities but all other maturities which have come due in New York during the last three or four years, were paid off instead of being renewed. They were paid off because our banks and insurance companies were short of investments and thought they would like a few more Canadian bonds. And now, those obligations having been paid off, and having no chance of borrowing in the United States, we must endeavour at this late day to renew any obligations which are maturing in the future. There are very few such, but I emphasize that, no matter how few they are, they must be renewed in New York if at all possible.

To summarize the ideas I wish to leave with the minister: Conserve every possible United States dollar for the purchase of essential war equipment, even if you have to put a check-rein on the directors of the Canadian National Railways. Keep in mind the possibility of using the lease-lend bill operations for the carriage of United Kingdom purchases, whether it be the expense of carrying the material or the capital cost of the extra equipment necessary to carry it. Borrow as much equipment as you can in the United States and avoid the necessity of new purchases. And then—speaking personally for the moment—give consideration to placing on the board of directors of the Canadian National Railways two, or three, or if necessary even four, members of parliament so that they can take a special interest in the people's railway problem. After all it is the people's problem. Our directors, who are doing a good job for us, perhaps have not the same perspective as we have here, and they have no more responsibility than we have. In turn, we could interpret their ideas, perhaps, a little more ably and accurately to our fellow members of this house; the family might be a little happier, and they would not be coming here so anxiously to get their legislation passed and get away, if they have to sit morning, noon and night, to accomplish their object.

Mr. MacNICOL: May I ask the minister if anything in the resolution refers to the Hudson Bay railway?

Mr. CARDIN: No.

Mr. MacNICOL: I notice this sentence in the resolution:

—to make provision for the purchase or refunding of capital obligations of the company or of any company comprised in the Canadian National Railways system. . . .

The Hudson Bay railway is operated by the Canadian National Railways, is it not?

[Mr. J. H. Harris.]

Mr. CARDIN: No, it is not covered. It is not a part of the Canadian National railroad system.

Mr. MacNICOL: Where is it covered?

Mr. CARDIN: It is operated by us, but it is operated as a separate organization.

Mr. MacNICOL: There is a large defiicit on the Hudson Bay railway.

Mr. CARDIN: It is not provided for in this particular resolution.

The CHAIRMAN: There is an item in the estimates for the Hudson Bay railway.

Mr. COLDWELL: In the purchase of equipment, rolling stock, and so on, does the railway buy the equipment outright? Does it rent a considerable amount of equipment, or does it buy it on time? Is it financed by one of the United States finance corporations, such as the American Guarantee company, the Chase National bank, or a similar institution? I have seen on certain of our engines a little plate stating that the engine is the property of one of these organizations. It has always seemed to me that a government institution, at least, should not be buying on an instalment plan, with the interest and other charges which are involved in that form of buying. Is any of our equipment purchased in that manner? If so, why should we do that, when it is a government institution; and, particularly at this time, why should we be paying dues to a United States corporation, in view of all the difficulties of exchange? If we are doing that, why not pay the balance owing and discharge ourselves of obligations which cause a good deal of concern at the present time?

Mr. CARDIN: My understanding, Mr. Chairman, is that we only supply or vote the money to the Canadian National, and they themselves buy the equipment they require. I am informed that for a very long time there has been no issuance of money for the purchase of anything in the United States.

Mr. COLDWELL: I do not mean buying in the United States; but do we purchase any equipment through finance corporations of the United States?

Mr. CARDIN: No. The railways do that directly, and they own outright anything they buy.

Mr. HANSON (York-Sunbury): That is hardly correct. Under Sir Henry Thornton the Philadelphia plan did operate, and it is still operative, although no new financing may have been done, in that way. This is a well

understood plan much in favour with the railways, and it has its advantages in financing the purchase of railway equipment. All railways do it, and they know their business in respect to matters of the kind. I am not criticizing it. All I suggested was that we had not paid annual instalments out of operation but refunded these amounts, and they are allowed to go into the debt of the railway. They were in days gone by, at any rate, and they will be there long after the equipment is worn out. It is not good business.

Mr. CARDIN: We are at present providing, out of the fund which will be accumulated this year, $9,000,000 for the retirement of equipment.

Mr. HANSON (York-Sunbury): For two years they have been doing it.

Mr. CARDIN: I do not think I can say very much in answer to the hon. member for Danforth (Mr. Harris). He made certain representations that may be well worth considering, and I cannot go further than to say that I will make note of them. My hon. friend complains about the provision, in the bill which is to be introduced, for the temporary deficit in the operation of the railway. This is necessary because, as I am informed—I have a good deal to learn in these matters—in the first part of the year the Canadian National Railways cannot meet out of cash all expenditures, but by the end of the year they have sufficient revenue to cover advances made them by the government to meet a temporary deficit.

Mr. HANSON (York-Sunbury): They have a large working capital.

Mr. CARDIN: No. That is the explanation given me. The hon. member for Danforth also referred to the fact that the central traffic control, which was proposed to be established in the maritime provinces, was United States equipment and had to be paid for with United States dollars. That is perfectly true, but we could not procure the equipment elsewhere. What is the position of the minister or even that of the directors? To whom can they go for proper information to guide them in their decisions? They have only one course to follow, and that is to give heed to the representations made to them by the officers and the technical employees of the company. If they do not go to these informed persons, to whom can they go? It is all very well to say that our judgment in parliament may be as good as the judgment of a man working for the railways. On certain questions I entirely agree with that view. But when it comes to technical matters, to purely traffic questions, I must confess that I do not feel qualified to balance my judgment against the judgment of the technical officers of the railway. We must take someone's word if we are to have a proper administration of the railways.

My hon. friend also complained that the procedure in the railway and shipping committee was not very satisfactory, that we are looking into accounts after the expenditure is made. That is true, but I wonder how it can be avoided. Speaking almost entirely as a layman, I submit that the Canadian National is more closely watched in its expenditures than any privately-owned organization, because at a meeting of a great corporation—we all know what it is—the shareholders have not the same means or facilities for acquiring information, nor have they the requisite audacity to go through all the statements of expenditures and to cross-examine the officers of the concern, as members of parliament have an opportunity to do. It is true there have been delays, and we have always had some complaints in that respect. There may be room for improvement there. Taking the system as a whole, however, while it may not be perfect it is to a large extent quite efficient, and provides the proprietors, the Canadian people, with a greater amount of detailed information than the ordinary shareholder of any large private organization ever receives. There may yet be room for improvement. I am not disputing my hon. friend's suggestion.

Mr. HARRIS (Danforth): Simply to preserve the sequence of the record, may I point out that this statement was issued at Montreal on March 19 and two months and one day thereafter, May 20, members of this house began to consider it. Why should there be a delay of from one to three months in every year?

Mr. CARDIN: I am not objecting to my hon. friend's observations, nor am I prepared to say that there is no foundation for some of his criticisms. I am speaking of the situation as a whole and I am trying to explain that with all the imperfections of our organization in connection with the Canadian National the people of Canada are more fortunate than the ordinary shareholders of any large private organization in the country.

The hon. member for Danforth said that we should renew the bond issues that we have in the United States instead of discharging them, because that will cost more. I understand that at present we are experiencing some difficulty in making new issues in the

United States on account of the neutrality act and other impediments and difficulties that exist there.

Mr. HARRIS (Danforth): The neutrality act provides for the renewal of maturities.

Mr. JACKMAN: I wish the minister would clarify some figures with regard to the Montreal terminal. I may tell him that in Toronto the building of the Montreal terminal at the present time is a cause of considerable grievance, so much so that I ask the minister to give me figures. When I was in Toronto during the Easter recess I found myself in the position of having to defend the Liberal government. Everyone said, what about the Montreal terminal? I should like the minister to give me a good brief in the matter. In particular the minister made the statement that it was a shame to have this tremendous uncompleted asset in Montreal in such a state that it could not be used unless a few more millions, I think $2,000,000 was mentioned, were spent upon it; if that were done, it could be made useful. I find, however, according to sessional paper 92D tabled on March 26 last, that the sum of $3,599,000 was spent on the Montreal terminal in 1940. We are appropriating $4,100,000 to be spent during the present year. On top of that the dominion government appropriated under the heading of unemployment relief a further $1,500,000 which was spent partly in 1939 and partly in 1940; I think it is all spent now. Altogether that makes the substantial sum of $9,200,000 to complete the Montreal terminal since the beginning of 1940—we leave aside the few months of 1939 following the declaration of war. If my figures are correct it is quite evident that this very large sum was spent to complete the terminal during the last two years, which sum might better, in the judgment of many of us, have been retained for war purposes and the completion of the terminal left until the war is over when we may need to find work for the returned men.

Mr. CARDIN: When I said that $2,000,000 would complete the Montreal terminal I had in mind new expenditure, new disbursements.

Mr. HANSON (York-Sunbury): New commitments?

Mr. CARDIN: Yes, new commitments to be made. In fact up to May 1, 1941, the sum of $27,296,000 had been spent or covered by commitments, and the estimated balance to complete is about $2,500,000. In the estimated requirements for 1941 of $4,100,000 is included $2,000,000 to cover commitments, contracts that have been awarded and cannot be stopped or modified. So that the only amount to be spent or for which commitments have not yet been entered into for this year would be $2,000,000. We are committed for $2,000,000 out of the $4,000,000 required to complete the construction. There is also an estimate for 1942 of $343,000. That will represent a total expenditure from 1939 to 1942, bringing the terminal to completion, of $10,216,666.

Mr. HANSON (York-Sunbury): How much will that expenditure exceed the estimate that was made on the modified scheme?

Mr. CARDIN: I am afraid I could not answer that question at the moment. I have not the information before me.

There is something more that I should give the committee to make the picture complete. Besides the expenditures that have been made since 1939, which I have just mentioned, there was in the fiscal year 1938-39 an expenditure under vote 631 of $30,449.52, and under the estimates for 1939-40, vote 586, an expenditure of $1,500,000 on the terminal under unemployment relief. In order to provide work in Montreal the government decided then to contribute half of the labour cost of the work. These amounts of $1,500,000 and $30,000 are in addition to the figures I have just given.

Mr. HANSON (York-Sunbury): Nearly $12,000,000?

Mr. CARDIN: Yes, and that was the estimate made at the time the project was revived in 1939 and the plans revised—that it would cost in the neighbourhood of $12,000,000 to complete the work.

Mr. HAZEN: I should like to say a word and make a suggestion to the minister. The improved earning power of the Canadian National Railways last year was not due to any normal growth of business, nor was it brought about by any improvement in the management of the railway. It was due to an abnormal condition brought about by our war effort. We have no reason to believe that this increased business will continue after the war is over; on the contrary we have every reason to believe that after the war railway business will return to its former level, conditions will be difficult and we shall be faced with hard times. My suggestion is that the minister and the government should give consideration now to the problem that will confront the Canadian National Railways when the war is over, and should make plans to meet it. The time this problem should be considered is now, when conditions are

comparatively good. The government should not neglect the matter because it is not pressing at the moment.

I had the honour of being a member of the standing committee on railways and shipping. When the president of the Canadian National Railways was giving his evidence before the committee I asked him this question:

Are the directors looking ahead to the time when peace will come again, with a view to adopting methods or policies to improve the position of the railroad after the war?

In reply the president said:

I think the experience of the war in respect to the increase in traffic and the improved financial result clearly indicates that what is wrong is the lack of traffic, and I do not see what the directors can do about that after the war, as it will depend entirely upon the conditions that obtain at that time.

I then asked him:

In all probability after this war we will experience a depression and be up against hard times. Are you looking forward to improving that situation at all? Have you considered it?

His reply was:

My point is this: I do not see what can be done on the part of the directors or anyone else to anticipate that condition. We do not know what it will be, and if the circumstances are such that the traffic is greatly reduced I do not know how the directors or anybody else can produce the traffic.

To suggest that if we cannot get enough traffic we shall not be able to do anything, that we shall just have to go behind, as I understand we did go behind at the rate of about a million dollars a week, in my opinion is to adopt a defeatist attitude. I do not think the government want to adopt that attitude. This is a problem to which the minister and the government should give attention now instead of waiting until after the war, when it will certainly have to be faced.

Mr. JAQUES: The leader of the opposition has objected to this bill because, as he says, it is likely to interfere with our war effort. I think that is a very reasonable stand to take.

Mr. HANSON (York-Sunbury): I did not object to the bill. I think the bill is inevitable, but I wanted certain information about it.

Mr. JAQUES: He objected to the rebuilding of this station; I believe that was a reasonable stand to take, and I agree with it. The hon. leader also said that it would be a good thing to leave all these projects until after the war, when they could be used to absorb some of our unemployed. The hon. gentleman who just took his seat referred to the inevitable depression that will follow this war, but what guarantee have we that the next depression will be regarded at all differently from the previous one? Before the luncheon recess the minister said this station had not been built before the war because of the depression. And why was nothing done during the depression? There was only one reason. Here were hundreds of thousands of men willing and able to do the actual construction work; miners, steel workers and so on all down the list, were looking for work, but nothing was done. Why? There was only one answer: because there was no money. And there was no money because, as the Minister of Finance told us on Monday afternoon, neither the government nor this house has any control whatever over the financial policy of this government. That is the reason.

Mr. ILSLEY: I deny that I made that statement, Mr. Chairman.

Mr. JAQUES: Well, the Bank of Canada controls the financial policy of this country, and certainly the Minister of Finance told us that neither his department nor this house had any control whatever over the financial policy of the Bank of Canada.

Mr. ILSLEY: I deny that I made that statement. I said the government had no control over the internal operations of the Bank of Canada.

Mr. JOHNSTON (Bow River): Oh, no.

Mr. ILSLEY: Well, if I did not say that I meant to do so. We were talking about the internal operations of the bank at that time. I find that this matter was discussed at great length in the banking and commerce committee of 1939, and at that time the phrase used was "day to day operations." I had no intention of announcing any change in the policy that was laid down at that time. The distinction between having something to say about monetary or financial policy, and the government controlling the day to day operations of the Bank of Canada, was made very clear in 1939. Just before six o'clock the other evening I was the object of some rapid questioning here, and it may be that I went further than I should have gone. I have not looked at *Hansard* to see what I said, but I want to say to the members of the Social Credit party right now that I do not want them to attach any significance to any statements I made at that time in so far as they were at variance with the clearly established rule and policy laid down in the banking and commerce committee in 1939.

Mr. JAQUES: I am not blaming the minister, but I should like to quote his words.

The CHAIRMAN: The hon. gentleman must accept the statement of the minister as to what he meant.

Mr. JAQUES: I accept his statement as it appears in *Hansard*.

The CHAIRMAN: The hon. gentleman cannot accept *Hansard* as against the statement of another hon. member of this house. When an hon. gentleman says that he made a certain statement, and that what he said was so and so, any other hon. member must accept what he says.

Mr. HANSON (York-Sunbury): If the record is the other way I would raise a point of order at once.

The CHAIRMAN: *Hansard* is not the record of the house; and *Hansard* cannot prevail against the statement made by an hon member. *Hansard* is only for the convenience of the public; it is not the official record of the house, and under the rules no one can challenge a statement made by an hon. member as to what he did or did not say.

Mr. JAQUES: Then this makes the case even worse, because if the government had control—

The CHAIRMAN: Furthermore it is not permissible to quote anything said during a debate, other than the one now proceeding, which took place during the present session.

Mr. JAQUES: I am not quoting from *Hansard;* and of course I must accept the minister's word. But having done that I say that if this government and this house had complete control of the financial policy of this country, that makes the case even worse. Not only did this policy of deflation prevent the construction of this station and hold up every other public work that should have been and could have been done when we had the men and the materials available; it also prevented us from rearming in order to meet the challenge that we must have known was coming. Let me quote from a letter written to the London *Times* by Admiral of the Fleet Lord Chatfield, with regard to the loss of the *Hood:*

> The *Hood* was destroyed because she had to fight a ship twenty-two years more modern than herself. This was not the fault of British seamen. It was the direct responsibility of those who opposed rebuilding of the British battle fleet until 1937, two years before the second great war started.
>
> It is fair to her gallant crew that this should be written.

The reason the navy was not rebuilt was the same reason the station was not rebuilt—because they had no money.

Let me quote the words of a Conservative member in the British House of Commons uttered on April 9, 1941, during the course of the budget debate. Remember, this was a Conservative member—not a socialist or a social crediter. He said this:

> There has been a lot of talk about the period after the war. Many think it premature to discuss what will happen after the war. I think it right to do so. We have the lessons of the last war before us. I well remember coming back from France in 1919. This country was richer and had a higher prestige than ever before in its history. We had the greatest navy, the greatest air force, and the finest army in the world. We had the land of England better cultivated than it had been for two generations. We had more skilled mechanics, more skilled shipbuilders, in the country with magnificent new factories and machinery. The whole world was clamouring for our goods, and primary producers throughout the world had good incomes because prices were satisfactory, and they could pay for our goods, and they were demanding our goods. Our position was of immense wealth, but financial theory said: "You are poor," and for 20 bitter heart-breaking years we laboured to make the actual facts fit financial theory. Prices of primary producers throughout the world were forced down by our financial policy of deflation, we ruined the farmers of the world and the farmers of our own country. We destroyed shipbuilding yards, pulled down factories, scrapped machinery, forced our skilled mechanics and artisans to migrate to America and the Dominions; we made the soil of England go out of cultivation and become more derelict than it had been for hundreds of years. And at the end of 20 such years of bitter and hard work, we had made the actual facts fit the financial theory, and we were poor indeed and unable to keep up adequate armaments, and our prestige sank almost as low as it had ever been.

May I again remind the committee that these words were uttered by a Conservative member of the British House of Commons. One might say that anyone speaking there is facing death at any moment. In fact it was shortly after those words were spoken that the House of Commons met with the same fate as the *Hood*—and for the same reason.

There is a confession. When I hear any hon. member either on this side of the house or on that side make a similar confession, I shall have some faith in what is intended for this country after the war is over—and not before.

Mr. CASTLEDEN: I was interested to hear the minister tell us in his usual impassioned way how fortunate we were as a Canadian people to be shareholders in the Canadian National Railways. I believe the records will prove that our fortune has been largely limited to the matter of paying annual deficits.

I notice in the resolution that we are asked to authorize the governor in council

to guarantee the principal, interest and sinking funds of securities issued by the company for certain purposes, and to authorize the making of temporary loans to the company, secured by such securities, and not exceeding $29,414,206. At what rate of interest will this money be available?

Mr. CARDIN: I am afraid I cannot answer that question. It will be at the market rate. I cannot say just now what the market rate will be.

Mr. CASTLEDEN: I take it, then, that these securities will be sold through the ordinary channels at the ordinary rates, through some commission agent in the usual manner.

Mr. CARDIN: It will be done in the usual manner.

Mr. CASTLEDEN: What will be the approximate guaranteed rate of interest?

Mr. CARDIN: I am afraid I cannot answer that.

Mr. CASTLEDEN: Not even within 2 per cent?

Mr. CARDIN: No.

Mr. CASTLEDEN: It seems too bad we cannot have that information, because the resolution provides for the guaranteeing of the interest and principal of securities. I had expected to hear someone ask why we had to go on the open market for this money—money which will be guaranteed by the federal government, and which would be an absolutely gilt-edged security. Why should we have to pay interest to outside concerns? I cannot understand it. Why not use our own Bank of Canada? The people of Canada are beginning to wonder why we should have to pay interest from our tax revenues on guaranteed funds, when we are borrowing money guaranteed by this government. There can be no reason. Why should there be rates of interest, and why should we not know what rates we are going to guarantee?

The resolution provides for an expenditure of $29,414,206. It seems to me we are going to be buying up materials and using labour which, we are given to understand, is desperately needed at the present time. Until we are on the safe side in respect of production of armaments and effective equipment for our men, the using of this material and labour is almost sabotage.

Mr. GILLIS: The resolution states that a portion of the money will be used to authorize the company to pay supplementary contributions to certain railway employees' provident funds. I should like to have a brief description of what these funds are. Are they pension schemes to which contributions are made by the employees? I have had correspondence which would seem to indicate that there has been some pretty mean administration in respect of employees' pensions paid by the Canadian National Railways. Of what do these railway employees' provident funds consist, and how are they administered?

Mr. CARDIN: I regret that I am not in position to give complete information as to that, but I shall undertake to give it when the bill is under consideration. Speaking from recollection, I understand that this is a contribution to assist a fund which is not in position to sustain itself. I believe I have read somewhere that most of this fund has been invested in securities which are now frozen to a certain extent and cannot be used satisfactorily to meet pension obligations. The government is contributing to that scheme of pensions in order to keep it working during the period when the assets are frozen.

Mr. HANSON (York-Sunbury): About how much is going into the fund?

Mr. CARDIN: I am informed that this provide only for authority to the company to make contributions out of revenues, that none of this $29,000,000 is to go into the fund.

Mr. HANSON (York-Sunbury): Upon a reading of the resolution I think that will be found to be correct.

Mr. GILLIS: If this is a contributory scheme, and if the government assists in supporting it, what representation has the government on the board which disburses the fund?

Mr. CARDIN: It is a contributory scheme.

Mr. GILLIS: Under the complete control of the management of the railways?

Mr. CARDIN: Yes.

Mr. GILLIS: The government makes a contribution but has no jurisdiction?

Mr. CARDIN: We are authorizing the railways to make a contribution. I repeat that none of this $29,000,000 will go into the fund.

Mr. HANSON (York-Sunbury): There is an old fund which went back to the days of the Intercolonial railway, and which may be in the position to which the minister refers in that contributions are made by the government from time to time. My understanding is that this fund is operated by a board of trustees made up of representatives of the management and the employees.

Mr. CARDIN: The government has certain representation.

Mr. CHURCH: As a public ownership supporter I have been considerably interested in this resolution. During the last election, I believe both parties had a policy. This is one of the most important problems we have to consider, and it is unfortunate that more time is not given to its discussion in the house. We took three weeks on wheat. A select committee was appointed one day without notice being given on the order paper, and it has made two or three reports. Every Canadian is a shareholder in this road, and it is unfortunate that more attention is not given to this matter. Look at the interest that has been taken in public ownership and public utilities in Ontario. The financial statement issued there is just like a bank statement. This Canadian National railway system is made up of the old Intercolonial, the old Canadian Northern which should have been put into receivership, the old Trans-Continental, the old Grand Trunk, and outside services in hotel and marine and other services and subsidies. It is a long story.

Certain parts of the resolution do not conform to the policies which have been set out by two royal commissions. The first was the Drayton-Acworth, which sat in 1917, and the second was the Duff commission. One can learn little or nothing from the financial statement of this publicly-owned railway system. In my opinion the government made a great mistake in not having at the start moved the head office of this system to the city of Toronto. Ontario is a great public-ownership province, and the railway makes most of its money in that province.

I am a supporter of public ownership, but this is not real public ownership at all. It is the mistakes of private ownership from the start. The resolution shows that advances are to be made to subsidiaries which are operating at a deficit. It will be noticed that there is a difference in the way we finance the war and the way we finance these deficits, yet the war requires a much greater expenditure. In the case of the war, we are charging two-thirds to income and one-third to capital, reversing what was done in the last war; we are asking the people of the country to pay the greater part of this two-thirds by many new forms of taxation, although this generation suffer in flesh and blood as well. In this case many old debts are refunded from year to year, with a heavy interest burden. In my opinion there should be a different system of accounting and auditing and a different form of financial statement and set-up so that the workers and the business people of the country may understand the exact financial set-up, and there may be a complete intelligent balance sheet easily understood by all.

So far as I can find out, since 1920 the deficits of the Canadian National Railways have taken $633,718,706 from the pockets of the Canadian taxpayers and no assets have been created. The Duff commission which was appointed in 1932 dealt with this matter of refunding and made a recommendation that in connection with the deficits of the system it was undesirable to issue securities guaranteed by the government, that the government should borrow the money and pay the deficits itself. I believe there has been some amendment to that. In my opinion the Bank of Canada should deal with this particular matter, be placed in charge of these securities, take care of deficits as a trustee, and consolidate these government and crown properties, and it should be consulted more regarding the financing of the whole proposition.

As regards the amounts the railways have made out of the war, it appears that $2,750,000 was earned by one railway and $2,500,000 by the other. The relief which would be obtained by the cessation of the annual deficits would aid in both peace and war to bring about prosperity; it would leave that much more money for the government to spend elsewhere, and reduce the annual tax rate. The fund now used to pay these losses would be available for other governmental purposes.

These deficits cannot be overcome by increased efficiency of operation. To my mind there is no evidence that, broadly speaking, this railway is not as efficiently managed as possible. There are some features which indicate extravagance and in respect of which no vision or foresight is shown, and the requirements by way of capital expenditure as set out in the resolution would be much less if such foresight had been shown. I have in mind the United States affiliations; I note how the luxurious cars in these trains compare with the cars in other trains within Canada, and especially those of the oldest rolling stock used in the transportation of troops.

I say, therefore, that the losses which are shown in the resolution will not be brought to an end by increased business. The railway is not progressive enough to recognize the inroads made by the motor bus as a factor in transportation. As a result, the railways have lost the cream of the business. Reduced mileage and cooperative effort between the two railway systems which will do away with unnecessary duplication of services constitute the only method of reducing the loss. There has been delay in acknowledging this fact,

and a lack of courage in this particular matter. Compare the subject matter of this resolution with the way in which the railway problem is handled in the Union of South Africa, where new methods of operating and financing the railways, as to both capital and income, have been successfully tried also in the United States to some extent. In the great war that government took over the railways in the United States for the period of the war and consolidated services, and returned them afterwards to private operation, taking care of the deficits and charges in many ways as a war effort in part. In this country, however, little has been done under the statutes providing for coordination. Co-operation on a minor scale has not effected enough saving to meet the needs of the situation. The economies resulting from cooperation on a minor scale between the roads have had little effect in reducing the debt for either capital or maintenance. In nine months prior to July 1, the two railways cooperatively abandoned, were granted permission to abandon or were preparing to abandon 750 miles of lines estimated to bring about an annual saving of $647,040, but the total amount saved by the companies through piecemeal cooperation is only slightly under $2,000,000. In my opinion the amount asked under the resolution, $29,000,000, is too much, because only the surface of possible savings through coordination has been touched. Competitive lines are still being operated to take care of business which could be efficiently handled by one road.

Take the matter of the troop trains. I refer to the return I received to an order of the house, setting out the sums which I stated a few moments ago. I maintain that there has not been the coordination of services and cooperation there should be, and soldiers should be given better trains and services, and cut-rates much more than they are given.

The resolution makes reference to the refunding of capital obligations. Some of that debt is due to duplication of services in terminals and to equipment. In Vancouver one union station could easily take care of all business; yet two separate stations are being operated. The same is true of Winnipeg and more especially of the wastage on the Montreal terminal. In Toronto there are two or three stations. The one in North Toronto is practically closed and rented for the period of a year and one union station, while it effects many economies, is not what it should be. We all know the situation in the city of Montreal. The taxpayer has to pay for all this; he has had to hand over deficits averaging $45,000,000 or $50,000,000 a year for many years. I can only say that so far as the revenues go, based on rates and returns per mile, per car mile, and all that sort of thing, the statement does not indicate very much relief for the taxpayer. I am sorry that we have not been given more information about the auxiliary services, namely, the hotels and the merchant marine. It would be a godsend if we had at this time, for use in the present war, all those fine merchant marine ships which were sold for a very small sum of money five years ago.

Three or four reports have been presented by the committee which considered this $29,000,000 issue of securities. The third report has not yet come before the house. I hope that an opportunity will be given to deal with it, because in my opinion, if report No. 3 is a sample of the committee's work, they are not dealing with the facts of this situation from a commercial or business point of view, but are considering in their report solely the questions from the political aspect of carrying on and getting business for the branch lines and all the other projects which in their opinion have to be carried on.

We have had to suffer the consequences of the railway bungle almost since confederation. We have a railway mileage on two roads of 43,000 miles, equal to Germany, with a population of over sixty million, that of France, and that of England, whose population before the war was forty-six or forty-seven millions. I wish the national railroads every success. It is obvious that the taxpayer will again have to pay, and he should be given the facts. I believe the only proper statement I have ever seen was given in 1937. The figures then stated may not be exactly applicable to the position to-day, because the deficits have been reduced. But a clear statement of the whole history of this road and all services was made by my former leader, Mr. Bennett, in the house in answer to three questions raised in 1937 by the hon. member for Kootenay West (Mr. Esling). It will take only a few moments to read those questions and answers, and I will therefore quote what appears in *Hansard* of January 29, 1937. The first question was:

1. What is the total indebtedness of the Canadian National Railways to the public?

The answer was:

$1,184,612,248.59 at December 31, 1936.

The section question was:

2. What is the total annual interest on this indebtedness?

The question referred to 1936. The amount has been reduced considerably since then, but the principal is the same. The answer is:

$49,184,622.87 in 1936.

The last question is the most important one so far as this resolution is concerned:

3. What is the total indebtedness of the Canadian National Railways to the consolidated revenue fund of Canada? That is, how much money from time to time did we pay out of our revenue fund to these properties?

The minister made this answer, and I conclude with the reading of the three paragraphs of his statement:

3. Of the total cash expenditures by the dominion, amounting to $1,468,611,114 (not including interest on loans) as shown on page 7 of the Department of Railways and Canals report for the fiscal year ending March 31, 1936, the following are the amounts that may be considered as charged against the Canadian National Railways:

Loans to C.N.R. (includes loans to former privately-owned roads) on which interest is accrued but not paid	$ 645,527,455 83
Investment in Canadian government railways	388,880,002 78
Stores and open accounts of Canadian government railways	15,748,921 60
The following amounts are in suspense:	
Temporary loans (interest paid currently)	36,390,204 25
Expenditures under supplementary public works construction act, 1935 (unemployment relief)	5,068,081 85
Balance covering all deficits, subsidies, and all other items which have been absorbed in the net debt of the dominion	376,996,447 69
Total	$1,468,611,114 00

I am in hopes that the government, instead of presenting all these 1941 cumbersome statements, will be able to issue a clear budget such as is provided in Ontario in connection with public utilities developments, involving very large sums of money, of the hydro electric system. In the provincial and local hydro systems the method followed by the hydro board in making a report on the hydro municipal utilities gives a clear statement to the public. By means of page advertisements in the newspapers, the position of the Toronto transportation system and buses could be quite clearly presented.

As I have said, I wish the government every success in this operation. The time will come when some changes will have to be made. I am sorry to have detained the committee, and now, while I do not agree at all with his policies, I wish only to compliment the minister upon one thing; I am glad to see him this session with his health somewhat restored, and I know I am expressing the sentiments of every hon. member, because his health was said to be impaired by overwork. I do not agree with all the minister has done, but I wish to pay him this tribute, and not only him, but I wish to pay tribute to the Speaker, the Clerk of the House, and the Chairman of Committees, the Deputy Speaker.

The Clerk of the House, by his vision, politeness, courtesy and efficiency has added greatly to the effectiveness of parliament, and I have found, over twenty years, the House of Commons to be a place of much kindness. I only hope the railway will consider these matters and that a better statement will be forthcoming. They are spending a great deal of money without any commensurate efficiency in some ways at times. I travel on the railway, and I can say that the service is not what it should be. The system is being starved, and no doubt for the money it costs it should be better. What is needed is a proper publicity department to put the facts before the people. There is, in connection with the railway, a publicity department which is costing the country a large sum of money, but the whole organization is not worth as much as it should be. All it does is to spend money on entertainment and on work that could very well be done without as an economy. The minister should consider closing the head offices in Montreal and moving them to Toronto. The Minister of Finance is sitting beside him, and I suggest that he should wield the big stick on the railway in this matter of expenditures, because there is too much expenditure and not enough efficiency to-day. An effort should be made to operate the system from the commercial aspect. The Minister of Finance should provide a part of the deficit from revenues without refunding a lot of money, which costs a great deal in interest rates. He should wake up the Canadian people to the fact that they are not getting the service to which they are entitled. There is duplication, waste and luxury in Canada's railway. I know that this exists in the other system, too, but the other system is a taxpayer while this is crown property. The people of Canada are the shareholders, and members of parliament, their representatives, should be able to go back to their constituencies and give a plain and intelligent statement of facts regarding the present financial condition of the road from the commercial aspect and every other phase of the railway.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 98, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National

railway system during the calendar year 1941, to provide for the refunding of financial obligations and to authorize the guarantee by his majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

INCOME WAR TAX ACT

The house resumed from Tuesday, June 3, consideration in committee of Bill No. 87, to amend the Income War Tax Act—Mr. Isley—Mr. Vien in the chair.

On section 4—Earned income.

Hon. J. L. ILSLEY (Minister of Finance): This is the clause which the hon. member for Peterborough West asked to have amended so that annuities would be regarded as earned income. I have gone into the matter carefully, and I regret that I am not able to agree to the amendment. I would ask that the section be allowed to pass.

Section agreed to.

On section 16.

Mr. HANSON (York-Sunbury): Has the government succumbed to the importunities, or threats, or whatever you like to call them, of the premier of Ontario? I am prompted to ask that question because in this afternoon's *Journal* there is a statement that the government is introducing an amendment to the act which will cancel the recently imposed 15 per cent tax on interest from provincial bonds held by non-residents of Canada, and that the amendment will restore the tax to the former 5 per cent level. If that is true, it is a great victory for provincial rights.

Mr. ILSLEY: I have a statement to make in that regard. The hon. gentleman has not made it any easier for me to make that statement. I thought from his attitude the other night he was disposed to be helpful—

Mr. HANSON (York-Sunbury): I always am.

Mr. ILSLEY: —but I do not think his statement was. I would ask the committee to follow the statement which I am about to make, because it is a matter of great importance.

Before proceeding with this section, I wish to make a statement with reference to the controversy which has arisen in connection with the application of the increased tax imposed on foreign holders of provincial bonds. On Tuesday last I placed on *Hansard* a copy of the telegram which was sent by the Prime Minister to the Premier of Ontario on May 30. As the committee will recall, this telegram stated that we learned with keen regret of the attitude which Mr. Hepburn continued to take with regard to the increase in the tax on interest going to foreign holders of provincial bonds, and that as a result of the imposition of this increased tax the government of Ontario considered it necessary to reject the offer made by the dominion to the provinces in the budget of April 29.

The telegram went on to reiterate our conviction that the tax was fair and reasonable; that it represented only an increase in a tax that had been in effect since 1933 without protest from the province of Ontario; that it was low compared not only with taxes imposed on other income earned in Canada but also with similar taxes imposed on non-residents by the countries of which our foreign bondholders are citizens; that it constituted no threat to the credit of Ontario or of any other province; and that it was validly imposed and could be enforced. Nevertheless the telegram indicated that the government consider that it would be most unfortunate were there to be any serious controversy between the dominion and the largest and wealthiest province of Canada at a time when the major consideration of all Canadians should be the most effective and most united prosecution of the war.

What was viewed with particular regret was that under such conditions the government of Ontario should feel it necessary to make the increase in this tax on foreign bondholders its reason for refusing to accept the offer made to the provinces in the budget. Were the matter to be left in this position, it was pointed out that the citizens of Ontario would be prevented by prospective double taxation of their incomes from making as large subscriptions to the 1941 Victory loan as otherwise they would be able and willing to make. Since this government was anxious to remove any possible excuse for the continuance of such a situation, the telegram concluded by offering to restore to its previous level the tax on interest received from provincial bonds by foreign bondholders if the government of Ontario on its part would be prepared to give the dominion prompt assurance of its willingness to accept the offer which was made in the budget.

On Saturday last the press of Ontario carried a statement purporting to have been made by Mr. Hepburn to the effect that the dominion was tying up the offer made in the budget with the increase in this tax on non-residents, and that it had intended all along to use this increased tax as a device for securing the acceptance of the other offer. I think I made

it clear beyond peradventure the other evening, that it was Mr. Hepburn who had tied the two things together and that we were only trying to remove what he himself said was his reason for his refusal to accept the offer I made in the budget.

While in the telegram of last Friday the Prime Minister had asked for prompt assurance with regard to Ontario's position, we have not as yet received any reply from the Premier of Ontario. We cannot very well delay any longer in proceeding with this bill. We do not propose to allow our motives to continue to be misrepresented or to allow the action of this government respecting one item of taxation to be cited as a reason for the non-acceptance by the government of Ontario of the offer we made in the budget. I wish, therefore, to advise the committee that after very careful consideration we have reached the conclusion that we should remove all possibility of doubt as to the respective positions of the two governments in this matter. Accordingly I propose to introduce an amendment to the bill as it stands, in the form of an additional section, the effect of which will be that in so far as this tax is concerned, absolutely no change will be made in the law as it stands now and as it has stood for the last eight years, in respect of the tax imposed on foreign bondholders as a result of the interest they receive from their holdings of provincial bonds.

This amendment will take the following form:

That the said bill be further amended by inserting after section 17 the following as section 17A:

17A. Notwithstanding anything contained in sections 16 and 17 of this act, section 9B of the Income War Tax Act shall, in the case of interest received from or credited by his majesty in right of any province, have effect as if the said sections 16 and 17 had not been enacted.

It will be noted that not only will the foreign holder of provincial bonds be left in exactly the same position as before, but also that there will be no change whatsoever in the rights and liabilities of his majesty in the right of any province. We believe, and we are advised by the Department of Justice, that by the law as it stands and has stood since 1933 the tax has been validly imposed on interest received by foreign holders of provincial bonds, but this has been challenged by the government of one province. It may be that in view of the proposed amendment the government of Ontario will not wish to create any difficulties in the collection of a tax to which they have not objected during the last eight years under peace-time conditions. If, however, they think the foreign bondholder should not only not share to some extent with all Canadians the increased burden imposed upon Canada by the war, but should also be relieved from taxes which they have been paying in peace time, and if, therefore, they request us to test the legal position in the courts, we shall immediately submit a reference to the Supreme Court of Canada in order that the whole position may be clarified.

There will, I am sure, be some hon. members who will criticize the action which I am now proposing and will strongly contend that we should not make any change at all. On grounds of strict logic, on grounds of the fairness of this tax on the foreign bondholder, and on grounds of the country's financial needs, their position is one with which it is hard to disagree. On the other hand, we have had to weigh the larger issues involved. In the first place, it would be, I repeat, a great misfortune if in war time there should develop a serious controversy between the dominion and the largest and wealthiest province allegedly over the proposed increase in this tax by the dominion. The fundamental matter to-day is the united and effective prosecution of the war, and we should all be big enough to recognize that simple fact.

In the second place, the revenue which we would receive from the increase in this tax on foreign bondholders is a consideration of minor importance compared with the importance of the dominion not doing anything which could be cited by the government of Ontario as an excuse for its refusal to accept an offer which would save the people of Ontario from paying an extra $29,000,000 or thereabouts in taxes.

Finally, the question of taxation of this kind seems to be a highly technical matter, and it appears to be difficult to get to the people of Ontario an unprejudiced view of the relative merits and demerits of this tax proposal. It is extraordinary to me that this should be so, but when I read some of the statements which have been made about this tax increase I am forced to the conclusion that the position of the dominion government must be made so clear as to permit of no possibility of misunderstanding or misrepresentation.

It is for these reasons that I offer the amendment which I have read.

I wish also to offer an amendment to section 16:

That section 16 of the bill be amended by adding thereto subsection 2 reading as follows:

2. That subparagraph (ii) of paragraph (e) of subsection 2 of the said section 9B be amended by adding thereto the following:

"Provided that in the case of motion-picture films, one-third of such payments shall not be subject to the tax under this section."

The gross tax on motion-picture film rentals was for several years 2 per cent. In 1939 it was raised to 5 per cent. By the increase under this budget that was multiplied by three, raising it to 15 per cent. I am convinced after exhaustive investigation, having spent a great deal of time on the matter, that 15 per cent is too high and that 10 per cent is high enough. Therefore I am moving that only two-thirds of such payments be subject to the 15 per cent tax.

It may be remembered that between 1936 and 1939 the ordinary rate was 5 per cent, and that that was subject to a deduction of 60 per cent. Therefore I am merely proposing that the 15 per cent be subject to a deduction of 33⅓ per cent.

If the committee should ask me why I selected 10 per cent I could not answer; it is more or less arbitrary. But 15 per cent is a terrific weight when applied to the rentals of motion-picture films.

Mr. MacNICOL: Will this enable the picture-show people to lower the prices of admission.

Mr. ILSLEY: I do not think so.

Mr. HANSON (York-Sunbury): Will this leave any profit to the distributors?

Mr. ILSLEY: Practically all the companies supplying motion pictures to Canada now have a loss on their operations. This reduces the loss.

Mr. GIBSON: I move accordingly.

The CHAIRMAN: The question is on the amendment.

Mr. CHURCH: Under the Supreme Court Act no question can go to that court unless there are two parties to the issue and a text to the reference. The reference in this case, if it goes to the supreme court under the Supreme Court Act will be the Attorney General of Ontario versus the Attorney General of Canada. I suggest that, since the same matters are involved, there should be a reference to the court not only of this particular question to which the minister refers if Ontario consents, but also on death duties and income taxes, about which there are grave doubts as to the powers of this parliament in view of the provisions of section 92 as to property and civil rights in the provinces and other sections. I suggest that these matters be included in the text of the reference as well; they are co-related, and also that the Minister of Justice, if there is a reference as a matter of law and public policy, should lay the text of it on the table of the house.

Mr. COLDWELL: I wish to say a few words regarding the announcement the Minister of Finance has just made. I appreciate the difficulty in which the minister finds himself; but on behalf of what I believe to be a very large number of people in this country I wish to register a most emphatic protest against the release of foreign bond holders from the taxation which was proposed. We are at war, and it seems to many people that the burden of the cost of the war must be spread over all who can share the burden; not only who live in Canada but who have an interest in Canada. That, I believe, is a fair view of the situation.

I was a spectator at the dominion-provincial conference. There I heard the minister make it very clear indeed, not as a threat—I think anyone who was there realized that no threat was made or intended—that because of the failure to straighten out certain constitutional matters in the discussion of the report and recommendations of the Rowell-Sirois inquiry, the necessities of war would compel the dominion to enter into fields then occupied by the various provinces. This naturally was one of the fields contemplated; and I am of opinion that in spite of the fact that the government has been obliged to take this step as a result of the attitude of the premier of the largest province of this dominion, we should not let this occasion pass without registering our protest against any provincial premier interfering with our vital efforts to raise the revenue that must be obtained for the conduct of this war. Those who are giving lip-service to the Dominion of Canada's war effort ought to be prepared to do more than that; and if there is one province that is in a position to assist the government in every way, it is Ontario.

I am not going to enter into a discussion of the attitude of the premier of Ontario; but I have felt, as many others have felt, that all too frequently Mr. Hepburn speaks and acts for certain interests outside the Dominion of Canada. In this instance I think, on the very face of it, that would appear to be the situation. I wish to make a most emphatic protest against the government taking this step. As I say, I know the necessity is great; I realize that we must get this tangle straightened out, but I believe I speak for a number of people in this country when I say that the primary place to get money for our war effort is from accumulations of wealth. I believe those who have accumulated wealth invested in the Dominion of Canada ought to be prepared at this time to share the burden with those who reside in this country.

Mr. BLACKMORE: I wish to register, just as emphatically as possible, an opinion directly opposed to that expressed by the hon. member for Rosetown-Biggar. I believe the minister has done exactly the right thing under the circumstances. The very statement made a moment ago, that when this matter is taken to the courts it will be a question of the king as his power is vested in the Dominion of Canada versus the king as his power is vested in the province of Ontario, is sufficient to indicate the desirability of the dominion cooperating with the provinces in all respects.

Mr. HANSON (York-Sunbury): Will the minister say whether this amendment will cover provincial guarantees, such as the bonds of the hydro electric commission of Ontario, which may be in foreign hands? As I understood this originally, it was not intended to cover municipal bonds which were in the hands of foreign investors.

Mr. ILSLEY: No; it is just provincial bonds.

Mr. HANSON (York-Sunbury): Direct obligations?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): Then it will not cover the hydro bonds?

Mr. ILSLEY: I am sorry to say that I did not give consideration to that question. The whole point raised was in connection with payments of interest by his majesty in the right of the province, and that is the point covered.

Mr. HANSON (York-Sunbury): Then I suggest to the minister that he should have in his department some practical men who know about public financing, because the hydro bonds run into many millions of dollars, and he will find other publicly owned enterprises in Ontario in the same position, where they have issued their own bonds which are guaranteed by the province. The minister is giving relief to direct obligations, but he is not giving relief to indirect obligations, which, in effect, are the obligations of the crown in another corporate form. I am afraid the minister may run into similar difficulties in that connection, and I believe consideration should be given that point.

Mr. NICHOLSON: I should like to support what has been so very well said by the hon. member for Rosetown-Biggar. It has been stated in this house on previous occasions that it is not only the people of Canada who are concerned about the outcome of the present conflict, that all who have money invested in Canada stand to lose or win according to the way the tide goes in Europe. I think the hon. member made out a very good case for the suggestion that those who have investments in this country should carry their full share of the load, as originally proposed in the budget. Can the minister tell the committee what this compromise will mean to the treasury in terms of dollars and cents?

Mr. ILSLEY: No; I cannot tell the committee that. It would be impossible to give an estimate that would be at all accurate.

Mr. HANSON (York-Sunbury): With respect to the film tax, I understood the minister to say that there is a loss in that industry, and therefore the effect of this taxation is to tax a loss. If that be true, this would not seem to me to be a very good field for taxation. I am astonished to learn that these people are operating in Canada at a loss, but of course the minister knows.

Mr. ILSLEY: The commissioner tells me that my statement that all had losses was too broad; that some had losses and some had profits, but that, as a whole, the industry seems to be operating at a loss if their statements are to be taken at face value.

Mr. HANSON (York-Sunbury): I suppose that depends upon how they keep their books.

Mr. ILSLEY: It depends upon their expenses and the principles under which they operate.

Mr. HANSON (York-Sunbury): They may not be all losses?

Mr. ILSLEY: The industry is in bad shape.

Mr. JOHNSTON (Bow River): Is the tax on interest paid to non-resident holders of dominion bonds the same as the tax proposed on non-resident holders of provincial bonds?

Mr. ILSLEY: No.

Mr. JOHNSTON (Bow River): There is no tax at all?

Mr. ILSLEY: None in connection with dominion bonds.

Mr. JOHNSTON (Bow River): I think it is quite unfair that the interest paid on dominion bonds held by non-residents should not be taxed while the interest on the bonds of any province is taxed. If one is to be taxed I think the other should be taxed as well.

Mr. HANSON (York-Sunbury): Then what about the ethical question that arises? The dominion government sells its bonds to

a non-resident, we say, "We will pay you so much money if you will lend us so much money." After that has been done, we turn round and take back, by *force majeure,* part of what we undertook to pay. Surely an ethical principle arises there.

Mr. BLACKMORE: Does the same principle not apply in the case of a province?

Mr. HANSON (York-Sunbury): No, because they are two different authorities.

Mr. JACKMAN: I do not think the Minister of Finance should feel so very badly about giving way to the Premier of Ontario. I approach this problem from an entirely selfish point of view; that is, selfish from the point of view of the dominion or the province. These obligations which are expressed in terms of United States currency were created because we required the money to carry on our operations in Canada, or to carry on industrial development, or to construct public utilities such as the hydro electric and other similar enterprises. After the war is over, probably the time will come when we shall want to go back to the United States and borrow for development purposes, and in order to provide work for Canadian workmen. The question is not whether United States investors should bear their share of the burden of Canada's war effort. They bought these bonds on the understanding, perhaps implied on their part, that they would receive the full amount indicated on the coupons. Already these investors are faced with a discount of 11 per cent by reason of the fact that our money is worth that much less than United States money; and if the 15 per cent provided in the original resolution had been added, it would have meant a discount of 26 per cent on the securities held in the United States. I do not mind this tax of even 15 per cent being applied to those who receive dividends on common stocks, the proceeds of which were invested in Canada, because they took their chance on the development of this country, and they expected to make a profit or receive an income higher than the bond return. Therefore they must in all equity bear their share of the expense of protecting that investment in this dominion.

The position of the bondholder is, however, somewhat different. Therefore, when we approach this problem from the selfish point of view of Canada, we must realize that we shall again require money from the United States for development, and there is no use in antagonizing the United States investor more than we need to. I believe, however, the publicity which has been given to this 15 per cent tax has been out of all proportion to the feeling against it on the part of certain United States bondholders. It has become somewhat of a political tempest in a teacup.

I believe, however, the government of Canada may find it is doing a very good service to this country, and not merely obliging the premier of one of our provinces, in taking the attitude which has been indicated. There will come a day when we shall want capital. When the United States investor in our securities looks at the position in Canada he will not conclude that we have yet reached the limit of our own sacrifice, or that we have reached the point where we must place a tax on the United States investor. He will see that in our ordinary everyday life we do not seem to have had to sacrifice a great deal. It is true that there have been substantial financial sacrifices on the part of some, and others, of course, have enlisted in the armed services. I am speaking, however, of ordinary civilian life.

If the minister says that we do require money and that we must place a tax on the United States holder of our securities, then why not impose a 50 per cent tax? Possibly that could not be done in fairness, but the legal position would be much the same. Of course it is absurd.

I believe the policy which is now being adopted will redound to the material benefit of our country.

Mr. ROSS (St. Paul's): I doubt very much if the relief which it is said will be given under this amendment will be sufficient. I imagine the debt of the Ontario hydro and the Temiskaming and Northern Ontario Railway, a great many of whose bonds are guaranteed by the province, would almost equal the amount of the debt of Ontario. As a matter of fact, they are Ontario government bonds, and are just the same as if they were issued by the Ontario government. I suggest that the minister should consider that point.

Mr. ILSLEY: This amendment covers amounts received from or credited by his majesty in the right of any province. That may cover the hydro, although I am not sure about that. It may be an agency, or an emanation, or something of that kind. The objection raised was, however, as to principle, with respect to the crown in the right of the province doing so-and-so.

Mr. JACKMAN: I am sure the minister knows that if it does not include the hydro and the Temiskaming and Northern Ontario, it will not be accepted as assuaging the

difficulty. If the minister is going to go part way, then I suggest that he might as well go all the way and be quite explicit about the matter. Let us hope that some good will result from it.

Mr. HANSON (York-Sunbury): I suggest that the minister pass his amendment now, and that the bill be held for third reading, until that position is made certain. The suggestion is made with a desire to be helpful.

Mr. ILSLEY: I believe the point ought to stand until eight o'clock.

Mr. HANSON (York-Sunbury): That is satisfactory.

The CHAIRMAN: Mr. Ilsley moves that section 16 stand.

Mr. ILSLEY: No; 16 has passed, has it not?

The CHAIRMAN: Is it section 17?

Mr. ESLING: I do not wish to interrupt the discussion, but I should like to say a word about that portion of the amendment relating to films. I recall that in 1936 the then Minister of Finance, Mr. Dunning, reduced the remittance tax on films, particularly and specifically, from 5 per cent to 2 per cent. The plea at that time was that after the films were used throughout Canada they were useless, and that, therefore, the film agencies were losing large sums of money.

In what I am about to say I shall refer to the report of the Department of Trade and Commerce, a government publication in black and white. It goes on to show that the films which we see thrown upon the screens are not the actual films brought into Canada. They are only prints. The actual film is a negative, and it is sent to a processing plant in Montreal. I suppose that it enters Canada in bond, and for purposes of valuation it is valued at five cents a foot, the rate of tax being 32½ per cent.

The negative goes to the processing plant in Montreal, and from it as many prints as are required by the agency are made, the negative then being returned to the owners or producers in the United States. The business with the various theatres or film agencies which, in 1936, numbered sixty-three, is done as between those agencies and the processing plant. The agencies pay the processing plant. Taking for example a standard film of seven thousand feet, we find they pay a processing fee of three and a quarter cents a foot, plus sales tax. Therefore each print as shown upon the screens of the various theatres represents something like $246, and no more. One would think that that sum would be taken in during the first showing in a large city

Returning to the report of the Minister of Trade and Commerce, we find that the total revenue from rentals to theatres received by the various film agencies in 1938 amounted to something like $8,500,000. I believe that is the last year for which we have the figures. The amount may have been $8,000,000. The report goes on to show that they take from that about $1,060,000 for wages and about $2,500,000 for cost of distribution of films to theatres across Canada. It shows, too, that after all these deductions, the film agency had at least $5,000,000 to remit to the picture producers in the United States.

One can see at once, therefore, that inasmuch as these are only prints, there can certainly be very little loss. It is also difficult to understand why the remittance tax affecting the picture producers in the United States should be decreased while a small United States investor in a Canadian mining property pays the full remittance tax.

It was on those very representations, taken from the report of the Department of Trade and Commerce, that either last year or the year before the Minister of Finance put the film tax back to 5 per cent. I am wondering whether those who offered the suggestions have had an opportunity to go through the figures in the report I have mentioned.

Mr. JOHNSTON (Bow River): May I point out to the Minister of Finance that I had no intention of implying that I was opposed to the imposition of a tax on bonds held by non-residents. I think the remark made by the leader of the opposition needs a little explaining. For the life of me I cannot see why the dominion should impose a tax upon provincial bonds, and not one upon dominion bonds, when both are held by non-residents. This will certainly affect the credit of the provinces. As the leader of the opposition says, it may be necessary for the dominion to go to foreign countries in order to get money, but I think we have a great deal more money here in Canada available through our Bank of Canada if necessary. If, however, it is necessary for the dominion to go to foreign countries for more money, it will be equally necessary for the provinces to do that. If the dominion has no money for its own needs, it certainly will not have any for provincial use.

One of the greatest dangers is the fact that if the dominion should take this action, should discriminate as between provincial bonds held by non-residents and dominion bonds held by non-residents, to tax the one and not the other, it will be forcing the provinces to come to the dominion for any money they need. In that way there will be a further centraliza-

tion of financial control, making the provinces that much more subservient to the dominion. That is not the right principle to follow. In fact, I cannot see why provincial bonds should not be a better security than dominion bonds. After all, if it is true—I use the word "if" advisedly—that the provinces have complete control of their natural resources, then I cannot see where the security for dominion bonds comes in. Of course, when it comes down to the fine point I doubt that the provinces have that control. When that is challenged, they generally find they do not have it. This is a question of foreign exchange, and I can think of several ways in which we can get more foreign exchange if we are really serious about the matter. Again I use a word advisedly. We could save United States dollars, or perhaps I should say Canadian dollars, by using Canadian coal. The saving in exchange would amount to about $15,000,000 a year.

Mr. ILSLEY: I am sorry to have to rise to a point of order, but I think a discussion on foreign exchange is irrelevant.

Mr. JOHNSTON (Bow River): The minister wants to raise money, and I am simply pointing out an alternative.

The CHAIRMAN: That would not come under section 16 or the amendment thereto. I thought the hon. member had almost finished his remarks; otherwise I was on the point of stopping him.

Mr. JOHNSTON (Bow River): I had just about finished in that respect. I was speaking about the 5 per cent taxation which is to be placed upon provincial bonds. I cannot see why it should be placed upon those bonds if it is not to get revenue.

Mr. ILSLEY: There are two subjects under discussion; one is the conservation of foreign exchange, and the other is the obtaining of revenue. The conservation of exchange is not a question of increasing revenue; it is a question of keeping a supply of foreign exchange in the country in the hands of the foreign exchange control board. The two subjects are not the same and are not directly connected.

Mr. JOHNSTON (Bow River): I quite agree with the minister that the one has to do with increased revenues, and the other possibly would have to do with the conservation of foreign exchange. But speaking on this section directly, I think the dominion will bring about a great deal of trouble for itself by creating a distinction between provincial bonds and dominion bonds.

Mr. ILSLEY: But we are not creating a distinction; we are simply continuing to do what has been done since 1933. The interest on provincial bonds has been subject to a 5 per cent tax while dominion bonds have always been free. The market has adjusted itself to that fact, and bonds have been bought and sold with that in mind. The hon. gentleman seems to be talking as though we were now creating a difference between the two.

Mr. JOHNSTON (Bow River): The increase to 15 per cent precipitated the argument between the provinces and the dominion?

Mr. ILSLEY: Yes.

Mr. LOCKHART: The exception taken applies only to moving-picture films?

Mr. ILSLEY: That is right.

Mr. LOCKHART: There is no exception for other forms of amusement?

Mr. ILSLEY: It is not a question of forms of amusement. We have a withholding tax of 5 per cent, and this is being increased to 15 per cent on:

> All payments received directly or indirectly from Canadian debtors in respect of
>
> (i) any copyright, used in Canada, relating to books, music, articles and periodicals, newspaper syndicated articles, pictures, comics and other newspaper or periodical features and
>
> (ii) any rights in and to the use of any work, whether copyrighted or not subsequently, produced or reproduced in Canada, by way of the spoken word, print, or mechanical sound on or from paper, composition, films or mechanical devices of any description.

Those are subject to a gross withholding tax, heretofore of 5 per cent but from now on of 15 per cent. I am moving an amendment to make it 10 per cent in the case of this very important class.

Amendment agreed to.

Section as amended agreed to.

On section 29—Machinery or equipment.

Mr. ILSLEY: The hon. member for St. Antoine-Westmount (Mr. Abbott) had an objection to this section which I think was well taken, and I am proposing an amendment, which I shall ask my colleague to move.

Mr. GIBSON: I move:

> That section 29 be amended by striking out the words "and is" in the first part of line 44 and the words "within the said period" at the end of the line.

Mr. ILSLEY: The hon. member for St. Antoine-Westmount was referring to machinery which had been ordered, actually manufactured and paid for within the period and

which was to be affixed but had not actually been affixed within the period to the premises of the taxpayer. We agreed that that classification should be covered.

Amendment agreed to.

Section as amended agreed to.

Section 36 agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

On section 17—Collection and remittance.

Mr. HANSON (York-Sunbury): Would the minister tell me what decision has been reached with respect to bonds guaranteed by the provinces?

Mr. ILSLEY: I am about to do that, under section 17A.

Section agreed to.

Mr. GIBSON moved:

That the bill be further amended by inserting after section 17 the following as section 17A:

17A. Notwithstanding anything contained in sections 16 and 17 of this act, section 9 (b) of the Income War Tax Act shall have effect as if the said sections 16 and 17 had not been enacted, in respect of interest and bonds or other obligations of or guaranteed by his majesty in right of any province and in respect of interest on bonds or other obligations provision for the payment of which interest is made by his majesty in right of any province pursuant to a statute.

Mr. HANSON (York-Sunbury): This is a redraft?

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): And is it limited in the latter part of the clause where it reads:

. . . and in respect of interest on bonds or other obligations provision for the payment of which interest is made by his majesty in right of any province pursuant to a statute.

Just what are the implications of that clause? Does it cover the case where a province pays the interest direct or where recourse may be made to the province in case the principal should make default? What is the position with respect to, say, the hydro electric commission of Ontario?

Mr. ILSLEY: The case of the hydro electric commission, if its bonds are guaranteed by the province of Ontario, is covered, not by the last few words—

Mr. HANSON (York-Sunbury): But by all of them?

[Mr. Ilsley.]

Mr. ILSLEY: —but by the words right in the middle of the section, namely, the words:

. . . interest on bonds or other obligations of or guaranteed by his majesty in the right of any province. . . .

The words from there on, namely, the last few words of the section, relate to certain cases, wholly or mainly in the province of Quebec, where the provincial government pays to certain charitable institutions money with which to pay their interest, and does so by virtue of statute. It is just a question whether that case should be covered, but we thought that probably it would be fairer to cover it. It is not the case of an obligation of the province to the bondholder. There is, however, a statutory obligation on the province to put the corporation or institution in funds, so that the corporation or institution can pay the bondholder.

Mr. HANSON (York-Sunbury): In a measure they are analogous, although there is no direct guarantee.

Mr. ILSLEY: It is fairer, I think, to put it in.

Mr. HANSON (York-Sunbury): The minister has not decided to do anything in respect of municipal obligations held outside the province?

Mr. ILSLEY: No.

Mr. HOMUTH: Then I think it is just too bad that the municipalities of this country do not raise the same protest that the premier of Ontario has done, because, apparently due entirely to the protest which the premier of Ontario raised, we granted him this concession. Here are large municipalities who have issued bonds, and they are going to be sitting back and holding the bag. I do not think it is fair. We are treating the municipalities most unfairly.

Mr. HANSON (York-Sunbury): Has the minister any information as to the amount of municipal bonds issued by Canadian municipalities, payable in Canadian funds, which are held, we will say, in the United States? Is it a substantial problem or merely a small one?

Mr. ILSLEY: I have not any information. It is however a small problem compared with that of the provinces, and that of the provinces is very small compared with that of the dominion, if we were to do anything about the dominion.

Mr. MacNICOL: Is the minister sure of that statement?

Mr. ILSLEY: No, I am not sure of it. I am informed that that is the situation.

Mr. MacNICOL: I have a recollection that the hydro-electric belongs to the municipalities and that they have guaranteed the bonds.

Mr. ILSLEY: That is another point. I do not know.

Mr. HANSON (York-Sunbury): I think the hydro-electric is a provincial corporation.

Amendment agreed to.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Mr. G. H. ROSS (Calgary East): Large sums of money will be required to finance our war effort. This money will have to be raised by taxation or borrowing. I believe that the moneys required to satisfy the budget will be raised. I believe also that the moneys required to satisfy the loan which is now being floated will be raised. I am proud to point out that Turner Valley, which is in the riding of Calgary East, which I have the honour to represent in this house, was the first area in all Canada to "go over the top" in the way of raising its war loan quota. I have known for some time that Calgary East was the leading riding in all Canada, and I hope that hon. members will also appreciate the fact. I hope that every district in Canada will emulate the high standard set by Calgary East and play its part in the raising of our war loan.

Motion agreed to and bill read the third time and passed.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

27. Marketing service. Live stock and live stock products, $519,037.

Mr. HOMUTH: Some months ago the government put through an order in council detailing the manner in which farmers must dispose of their wool, and setting forth certain regulations governing those who purchase that wool. Upon whose advice were those regulations made? Was it upon the advice of the officers of the department, upon the advice of the wool dealers, or upon the advice of the mills?

Hon. J. G. GARDINER (Minister of Agriculture): The provision was brought in by the department but only after full discussion with the different organizations concerned and with their consent.

Mr. HOMUTH: From what I can gather, those who were concerned with this matter, and perhaps asked for their advice, were more particularly the wool dealers, the larger wool buyers or those who control the wool market of Canada. Certainly no regulation like this was ever passed after the farmers of the country had been taken into the confidence of the government and their advice sought. For years the farmers have been privileged to take their wool to the various small mills or to have the dealers call at their farms and purchase the wool there, and in most instances these farmers have received a pretty fair price. Under this regulation, however, the wool may be sold only to some one who is in a position to grade it. Wool must be graded and the various grades designated, a report being made out, and the farmer is paid according to the various grades he has supplied.

There are thousands of farmers who have always looked upon their wool as a ready cash sale. Farmers have come to our plant, but we are not buyers of wool to-day because we are not prepared to set up a grading station, and most of the small woollen mills in the country are in the same position. The result is that the farmer is almost forced to-day to send his wool to the cooperative wool growers of Toronto. The name in itself is misleading. It is simply a name; it is not what one would think it would be, with the name, Cooperative Wool Growers Association. People send their wool there and receive part payment for it, and they have to wait a long time before they get their final returns. It is not a cooperative concern, as suggested by the name, in the sense that the farmer eventually gets paid in proportion to the profit made by the company. It is a privately-owned company.

In my office on Saturday morning was a farmer who had 1,500 pounds of wool. He had always taken his wool to one of the small mills or one of the larger ones in our territory. The larger mills now say they will not buy it because they would have to set up a grading station. There must be some one to grade the wool and designate the various grades, setting a price, and in that whole territory where there are many mills none of the mills will handle wool. In the old days the farmer took the wool to the mill. The mills that were making blankets would not grade the wool because they would put it into their blankets as it was. The farmer to-day is practically forced to send his wool to the cooperative wool growers of Toronto, take part payment and then wait for months for his final settlement.

We are so regulating and regimenting the farmers that they cannot sell or do anything without filling out a lot of forms and complying with various conditions which are rather ridiculous, and many of these regulations are made by men who have approached certain sections of business in the country without having a practical knowledge of what should be done. This has worked a great hardship on the farmer who raises anywhere from fifty to 2,000 pounds of wool. There are farmers with thirteen, fifteen twenty, thirty or forty sheep, and every time we make regulations such as these we force the farmers into the hands of those people who have been making money by farming the farmers. The sooner we do away with many of these regulations, the better it will be for the farmers. This regulation was ill advised, and it is certainly working to the detriment of those men who have a few sheep on their farms.

Mr. KIRK: The hon. member asked who had advised this legislation. I did not hear the minister's reply.

Mr. GARDINER: My reply was that the department was responsible for the provisions, but they were brought in after different organizations affected had been consulted.

Mr. KIRK: What organizations?

Mr. GARDINER: All purchasing organizations and farm organizations such as cooperatives, and the mills as well.

Mr. HOMUTH: Surely the minister does not say that there are farm organizations which make up the Cooperative Wool Growers Association?

Mr. GARDINER: There are in some parts of Canada, probably not in all.

Mr. QUELCH: Will the minister define and explain the respective provincial and federal fields in the grading of poultry and eggs? I ask this question because, while the grain rates to the consumer may be quite satisfactory, so far as the producer is concerned I am confident that they are not. I have heard a great deal of criticism, from many prominent poultrymen, of the method of grading eggs at country points. I have carried out some experiments to see whether that criticism was justified, especially in the rush season at the height of production. We have graded and candled a number of cases of eggs, put the culls in another case and shipped them all, and there was practically no difference in the returns on those cases, which convinced me that, in the rush season at any rate, returns are based upon average instead of upon individual shipments. Can the minister give us any information on that point?

[Mr. Homuth.]

Mr. GARDINER: The grading of eggs is carried on under exactly the same conditions as the grading of butter or any other farm products. If the product is produced in the province where it is finally disposed of, it is the responsibility of the provincial government. They can, if they desire, handle that product, and the federal government would have nothing to do with it. If, however, the product enters into interprovincial trade, then it becomes the responsibility of the federal government, and likewise if it enters into international trade.

In actual practice, in order to overcome the difficulties inherent in the federal system the provinces have been following the practice of appointing the federal inspectors as their inspectors, and it is the federal inspectors and graders who do the actual inspection and grading of the different farm products, including eggs, butter, wool and so forth.

Mr. JOHNSTON (Bow River): Can the minister tell us what effect the size of the yolk has in the grading of eggs?

Mr. GARDINER: I should not like to try. We pay experts to do that.

Mr. JOHNSTON (Bow River): When one goes to a restaurant and gets eggs, he is never consulted about the size of the yolk. I had a letter the other day complaining about this. This lady said she took some eggs to market and was docked on the price because the yolks were too large. That is the first time I have heard of grading according to the size of the yolk.

Mr. GARDINER: If one waits long enough he will not need an expert to decide that question. As eggs become older, the yolks flatten out and tend to enlarge, and when the eggs get old enough you will not need an expert to tell you.

Mr. QUELCH: Who is responsible for checking up the egg graders in such plants as Burns, Swift's and other large buyers?

Mr. GARDINER: The federal government is responsible for checking what is done by those graders, although I understand we do not pay them. They are employees of the buyers.

Mr. QUELCH: What check is made on those graders? The opinion in the country is that these men are definitely working in the interests of the packers. Does the government check periodically the work of these men to see whether they are grading according to standard or are favouring the packing plant?

Mr. GARDINER: There are checks made on the work done by these men. Last year there were some four to five thousand inspections made. If the eggs are not properly graded they are detained by the government. I was trying to find out from the officials what might happen to the grader; I assume if he made too many mistakes, the company that engages him would deal with him, if the eggs graded by him were being detained by the government.

Mr. HOMUTH: By "detained by the government" does the minister mean that the government confiscates them?

Mr. GARDINER: They are detained until they are regraded, and of course loss of time and all that are involved.

Mr. CRUICKSHANK: I understood the minister to say that if an inspector made too many mistakes, the company would deal with him. What we in British Columbia are particularly interested in is—

Mr. HOMUTH: What side he made the mistake on.

Mr. CRUICKSHANK: If he came from Waterloo he would make a mistake no matter what he did. What I wish to know is what check is kept on these inspectors. As I understand the situation, a farmer in selling eggs is at the mercy of the company buying them as to what grade he gets, whether A1, or A2, or cracks, or whatever the grades are. Am I to understand that we have no inspectors in the federal department protecting the farmer on the grading of these private concerns?

Mr. GARDINER: Perhaps I used the wrong term a moment ago. The graders are in the employ and under the control of the plant, but the inspectors are employees of the government. They move about from place to place; it is not always the same inspector who goes to a plant, but these inspectors inspect the work of the graders.

Mr. CRUICKSHANK: That being the situation, are there or will there be any inspectors under the federal government checking the plants and dealers in British Columbia on behalf of the farmers who are now at the mercy of private companies as to grades?

Mr. GARDINER: Yes; there are inspectors who will be checking the grading in the British Columbia plants.

Mr. CRUICKSHANK: They will then be instructed to do a little more checking?

Mr. QUELCH: I am aware that action has been taken with regard to grading of eggs so far as the consumer is concerned, but I have not heard of any action being taken on account of undergrading to the producer. I urge that closer inspection be made of the graders, and if it is found that they have been undergrading, instead of just detaining the eggs, I suggest that the graders should be fined, and fined more heavily if the practice is repeated. I am not making any criticism of hog grading, which, generally speaking, I have found satisfactory. In the past I think the trouble has been misunderstanding of weights rather than in grading. I have also no criticism of the grading of cream, but so far as poultry and eggs are concerned, I am satisfied that the whole thing is in a rotten mess and should be cleaned up.

Item agreed to.

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

Mr. WRIGHT: With regard to the marketing of pork, a short time ago a regulation was passed by order in council limiting the amount of pork available for consumption in this country to, I believe, 40,000 carcases a month. That, I understand, was done in order to make more pork available for export to Great Britain. If the pork is needed there, we should make it available. During the month of March, however ,there were 47,000 carcases consumed in Canada, and during April, 51,000. We have now limited the number to 40,000, and so far as I can find, we have made no provision to see where these 40,000 carcases are consumed. We are allowing the old law of supply and demand to operate. The result has been that in many of the city shops the price of pork has advanced by from three to five cents a pound. Are the government taking any steps to remedy this situation?

Mr. GARDINER: The situation is that last fall, as hon. members know, we undertook to deliver to the British government 425,000,000 pounds of Wiltshire sides. During the preceding year we had delivered about 330,000,000 pounds. We estimated that this year we would be able to deliver the 425,000,000 pounds, and therefore undertook to do so. Weekly deliveries during the winter months, beginning last October, ran very much higher than a year ago, and were even beyond the amount which it was estimated would be required to fill the new contract. It will be recalled that I announced in this house more than six weeks ago that this spring the British government asked us to complete our deliveries by an earlier date,

which meant that we were required to deliver within the year about 28,000,000 pounds more than we had contracted to deliver.

Last year the United States price for live hogs averaged three cents below the Canadian price. There was a gradual advance in the United States price during the winter, and about the time we were asked to increase our deliveries, prices in the United States reached just about the Canadian level and hogs began to move into the United States at various points, particularly further west. The price in Alberta, for example, is lower than in other parts of Canada, because the freight rate increases as one goes further west, but the price on the United States side of the line, in Portland, Seattle and other places, is sometimes even higher than the Chicago price. As a result, it is only natural that hogs should go into the United States at those points, and also over the mountains to Vancouver. There is also a tendency for hogs to move to the United States from as far east as Winnipeg at a much earlier date than would be the case in the eastern part of this country.

It was very important that we should deliver the full quota to Great Britain this year, not only because they need it so much but because we wish to establish ourselves as people who deliver what we contract to deliver. During the period we were negotiating with Britain, which negotiations brought about the higher price put into effect a short time ago of 85 shillings per 112 pounds as against the 80 shillings we were receiving previously, it became necessary to take some action in this regard. We can only estimate the number of hogs that will continue to come on to the Canadian market during the year, and in order to make absolutely certain that we would be able to deliver the full quota that we had undertaken to deliver this year, it was decided by the bacon board to say to the people of Canada and to the packing houses, "We think we in Canada should be satisfied for the time being with the same amount of pork products that we consumed last year," and I might add that last year we consumed more pork products than in any previous year in our history. Therefore the level which has been set for this year for the consumption of pork products is equal to the highest level we have reached in our history. For the time being, then, we are saying to those who deliver pork products to the trade, "We want you to deliver only the amount you delivered in the corresponding week one year ago."

On that basis the amount of pork being consumed in Canada to-day is reduced, to a certain extent, below what it might have been if that regulation had not been imposed; and we are quite satisfied that under conditions as they now exist we shall be able to get along on that basis. But after the British price had been increased, the United States price continued to rise, and accordingly we added another 75 cents per hundred pounds of Wiltshire sides in Canada so that the price has been increased not only by the British government but also by the Canadian government. We are not certain how long we shall require to continue this regulation with regard to consumption in Canada, but it has been continued up to the present time.

Mr. WRIGHT: That does not answer the question I asked, which was whether the government were taking any steps to see that the consumers are protected while the amount of pork available is restricted.

Mr. GARDINER: Of course, when you start to restrict the consumer you reach a point where you also restrict the producer with regard to the price he receives. After all, what the farmer gets out of the hogs he sells in Canada is the British price for the products sold in Britain plus the price received from the consumer in Canada, and those two prices are averaged in the proportion that these pork products are consumed in these two markets. About 64 per cent of our hogs are consumed in Britain and about 36 per cent in Canada; or, roughly speaking, about one-third in Canada and two-thirds in Britain. Therefore, if you increased the price of one-third of the hogs by three cents, and spread that increase over all the hogs consumed, it would mean an increase of one cent in the general price. I am not at all certain that we want anyone to step in and begin to control prices on our local markets too soon, at least in the interests of the producers of the hogs. Probably the Canadian people will accept the position, as I think it was accepted last night with regard to eggs, that we in Canada should be prepared to pay at least as much for the Canadian farm products we consume in Canada as the British are paying for them, and that in some instances we should be prepared to pay even more. Consequently I hope no one will start too soon to control prices of pork products or other commodities.

Mr. WRIGHT: The point is that the price the British are paying has risen by approximately $1 per hundred; the price being paid by the consumer in Canada has risen three to five cents a pound, yet the price the farmer receives has not gone up $1 per hundred.

Mr. GARDINER: If one were to examine the margin last year between the prices paid

the farmer and the prices received by the packer, as against the margin this year, it would be found that the margin had been sufficiently narrowed to take care of more than the difference which has been indicated.

Mr. CRUICKSHANK: As a farmer in British Columbia I never had much experience with hogs until I became a member of this house. Since the question of eggs has been brought up again, I should like to say that last night I thought the minister gave a very fine statement, one which I was quite prepared to accept. He dealt with the agricultural situation in a way that I do not think could be equalled by any other man in Canada. In his argument as to the setting of a minimum price for eggs—

The CHAIRMAN: Order. The item we considered yesterday is out of the way now. We are now on item 28, which has to do with the marketing of agricultural products. I am afraid the hon. member is out of order, because if he will look at page 72 of the estimates, where the details are given respecting this item of $25,000, he will find that there is no mention of the matter to which he is now referring.

Mr. CRUICKSHANK: Thank you. May I ask the minister a question?

The CHAIRMAN: Yes.

Mr. CRUICKSHANK: I presume that eggs are marketed as other farm products are marketed. Possibly my phraseology was wrong, and if it was, I shall have to correct it so that I may come within the bounds of item 28. Is any provision now being considered by the government to guarantee to the producer of eggs at least the minimum cost of production? If not, will it be considered? If so, will it be considered on the grounds taken with regard to butter? As I understand the situation, certain provinces have different prices set, on the ground that some provinces are exporters while others are importers of butter. In the setting of a minimum price for eggs, could it not be done on the assumption that some provinces are importers and some are exporters? Will any consideration be given to this question?

Mr. GARDINER: Just to clear up the point we are discussing under item 28, may I point out that this is the vote under which we advance or attempt to advance the sale of Canadian farm products outside Canada, and under which we carry on our advertising to further those sales. To the extent that we have entered into an agreement with Great Britain, or to the extent that we may have negotiations with Great Britain with regard to eggs, the matter may properly be discussed under this item. It is only to that extent that we are controlling the price of eggs in Canada at the present time.

During the month of May we shipped 180,000 cases of eggs to Great Britain. We have sold an additional 230,000 cases, to be delivered later in the season. The price basis of those eggs runs from sixteen up to twenty-two cents, depending upon the grade, and the type of egg being shipped. The fact that we are shipping out a very considerable part of the surplus does tend to set a minimum price; but up to date we have not gone beyond that in connection with eggs. As we go along, it may be necessary to take further action, but up to the present time we have not done so.

Mr. CRUICKSHANK: Does the minister consider the price of sixteen to twenty-two cents a price equal to the cost of production, let alone profit?

Mr. GARDINER: The hon. member would have to tell me what farmer he is speaking about. I would not want to say.

Mr. CRUICKSHANK: I shall be delighted to tell the minister. I am speaking about the farmer from the Fraser valley. I appreciate what the minister has said, namely, that the taking over of the surplus automatically helps the Fraser valley, or any other poultry section in Canada. Am I, however, to conclude that the minister and his department are seriously considering paying a subsidy, or freight rates, or is he in some other way going to guarantee to the poultrymen exactly the same treatment as is being accorded to the wheat farmer?

Mr. GARDINER: The British Columbia government does bonus eggs to the extent of three cents a dozen, and that has the same effect on eggs as other bonuses at other points have in respect of the prices of other products. It is only on account of that bonus of three cents that they are able to handle eggs under the prices which prevail in connection with the British shipments.

Mr. CRUICKSHANK: I still have not obtained an answer to my question.

Mr. GARDINER: I am sorry, but I cannot answer that question without starting another discussion which would be entirely out of order under this item. I do not wish to get into that position.

Mr. HATFIELD: I should like to ask the minister—

Mr. CRUICKSHANK: I asked a question and I am entitled to an answer.

Mr. GARDINER: I have already covered the question in the item which has just been passed. I do not wish to go back and discuss it all over again. I do not wish to be the one to start a discussion by answering a question.

Mr. HATFIELD: Why do we have this great reduction in the item for marketing agricultural products?

Mr. GARDINER: It is due to the fact that we are at war. The vote originally under this item was for $500,000. That was at a time whem we were trying to promote the sale of farm products in all European countries, Great Britain, south America and elsewhere. Since the war however, we have confined our activities largely to advertising within Canada, and to the negotiation of agreements with Great Britain. In view of the fact that the officials quite often come here, our expenses in connection with those negotiations are not as great as they formerly were.

Mr. HATFIELD: But we have lost the European market, and we have to look up new markets in south America and other countries to take their place. I should think it would cost more money to develop new fields than to look after the old markets.

Mr. WRIGHT: The minister has not answered my question. What machinery has the government to ensure that the spread between what the farmer receives for his product and what the consumer pays is kept within reasonable bounds? At the present time the average price to the farmer is twelve cents a pound, dressed, while the consumer pays forty-five cents a pound for bacon and sixty cents a pound for ham. Every time the price the farmer receives rises half a cent, the price the consumer pays rises two cents. What is the reason?

Mr. GARDINER: The advance on dressed pork products has been from one and a half cents to three cents a pound, depending upon which part of Canada is involved. That is comparable with an increase in the price of from three to five or six cents a pound on the different cuts of pork. Therefore, if the increases in the prices of cuts going to the consumer range from three to six cents, they are just about proportionate to the increase which has taken place in the whole dressed product, which includes most of the cuts, and some which are not termed cuts at all.

Mr. WRIGHT: My question is not yet answered.

[Mr. Cruickshank.]

Mr. GARDINER: The answer is that there is not any too wide a margin, so far as our check goes.

Mr. WRIGHT: The government has no machinery to ensure that that spread is kept within bounds; is that the answer?

Mr. GARDINER: The bacon board is the machinery that is there especially to check on the price, to keep track of what is happening all the way across Canada, and to make agreements with Great Britain which will be satisfactory to both producers and consumers in Canada.

Mr. WRIGHT: Then the proper authority before which to lay complaints would be the bacon board?

Mr. McCUBBIN: Coming as I do from a beef and cattle district, I wish to say that our farmers have a bone of contention because when a farmer or drover ships cattle to the Toronto market, he is docked one dollar if the animal has a horn or a stub of a horn. What check has the federal Department of Agriculture on that practice? How is it that the packer is able to take that dollar and put it into his own pocket? Why should the dollar not be put into a fund to improve our live stock?

Mr. GARDINER: It is the packing houses, I think, which put that dollar on, but in the three western provinces the three provincial governments, as I understand it, confiscate the dollar, and I think Ontario was considering doing the same thing. My information is that up to the moment that has not been done in Ontario but is under consideration.

Mr. HATFIELD: Who advised the department as to the order in council passed on March 25 with regard to the grades of United States potatoes that are imported? The grade specified in the order in council does not exist in the United States. They have no such grade.

Mr. GARDINER: I am not so sure who advised the government in the first instance on the grading of potatoes, because that would be long before my time. Changes are made from time to time in the grades. That is done after consultation with provincial authorities and others interested in the trade, and any changes made are based on the knowledge of the department as to the growing of potatoes across the country. The advice would be obtained directly from officials paid for such a purpose.

Mr. HATFIELD: But the order in council of March 25 specified a grade in the United States which does not exist there. They have no such grade.

Mr. GARDINER: My information is that the officials in Washington have been consulted with regard to the matter. The whole matter has been discussed with them. While they have not at the moment the grades referred to in the order in council, it is their intention to have similar grades established.

Mr. HATFIELD: In the meantime, in the month of May, about 200 cars of these potatoes came in from the United States. Had they been grown in Canada, they would not have been permitted to be marketed.

Mr. GARDINER: I assume that the hon. member is referring to the new potatoes that come in early in the year, the small-sized new potatoes? I assume that is what he is complaining of, as he was this afternoon.

Mr. BLACKMORE: I think the minister should go a little further with regard to eggs. He answered a question last night and said that he had answered it to the satisfaction of the hon. member for Fraser Valley because the hon. member had gone out of the chamber. Evidently, however, he did not satisfy him. I think some definite action should be taken by the dominion government with respect to the price of eggs. To me there are many indications that Britain is going to require many more eggs in the future than she has taken in the past. I doubt if there is any place in the British empire more admirably adapted to the production of eggs than the area in which the hon. member for Fraser Valley lives. I do not see any reason why the minister should not set a minimum price for eggs, something like the price of twenty-two cents which was guaranteed in the United States until, I believe, 1942. If the minister does not feel it is wise to set a flat price of twenty-two cents, I do not see why he should not recommend subsidizing freight rates on wheat moving to British Columbia or subsidizing freight rates on eggs coming east.

Surely something should be done about eggs so that we may be sure of a production that will be equal to the demand which may be made upon us at any time. To-day we are in this position: If Britain should need greatly increased importations of eggs, naturally we are going to let her have the eggs, but why should we not now prepare to supply Great Britain with all she needs and still have sufficient for our own needs? In these days, eggs can easily be stored, and it seems to me a short-sighted policy to neglect production which would be stimulated by setting a minimum price. I should like to hear the hon. member for Fraser Valley tell us what he thinks would be a just minimum price for eggs. He asked whether sixteen to twenty cents would be—

The CHAIRMAN: Order. It is out of order for an hon. member to cross-examine another, so to speak, or to question him. The hon. member must address himself to the Chair and direct his remarks to the item under consideration by the committee.

Mr. BLACKMORE: Then I am going to ask the hon. member for Fraser Valley through you, Mr. Chairman, if he will tell the committee what he considers would be a fair minimum price for eggs.

The CHAIRMAN: That is out of order.

Mr. FRASER (Northumberland, Ont.): It is apparently becoming an indoor pastime in this chamber to break the rules of the house and be out of order, and therefore I wish to take about three minutes to be strictly out of order. Every time the group in the far corner talk for sixty minutes, Hitler is turning out in the Skoda works a sixty-ton tank. Whether some of us in this house know it or not, the people of Canada realize that we are wasting time in discussing matters of infinitesimal importance at a time when Canada and the rest of the empire are facing the greatest crisis in their existence. When the Suez canal is being bombed to-night, when Alexandria, Egypt, Malta, and Cyprus are in jeopardy, here we are, paid by the taxpayers, out of the money of the people of Canada, talking piffle, absolutely unadulterated piffle, in view of the crisis we are facing. These questions which hon. gentlemen are raising to-night can easily be discussed and settled in a democracy after the war is over. Just look at the headlines in the papers to-night. The one thing we need—

Some hon. MEMBERS: Order.

Mr. FRASER (Northumberland, Ont.): I called "order" before I rose in my place, and I repeat "order" to you. If you can add anything to what I say, you can follow me. I say, Mr. Chairman, that the duty of every member of this House of Commons is to do what he can to educate the people of Canada to war-mindedness, to the fact that it is not wheat and it is not marketing that is the one

big question before us to-day. It is the very life of Canada and of the empire that is at stake to-day.

Mr. QUELCH: On a point of order, Mr. Chairman—

Mr. FRASER (Northumberland, Ont.): Sit down until I finish. I have the floor. You sit down.

The CHAIRMAN: Order.

Mr. FRASER (Northumberland, Ont.): My hon. friend has had his chance.

Mr. QUELCH: On a point of order, Mr. Chairman, what have the hon. members remarks to do with item 28?

The CHAIRMAN: The question before the committee is item 28 of the agriculture estimates. I have already drawn hon. members' attention to the necessity of adhering strictly to the rules in discussing the estimates. There is a certain difficulty in deciding whether the questions which have been put fall under the item under review, but there is a great deal of truth in what the hon. gentleman has just said, that unless we carry on our proceedings in orderly fashion, our preceedings will fall into disrepute and the house itself will fall into direpute with the public. We are gathered here to discuss the legislation which has been brought down for the consideration of members of parliament. I would, therefore, draw the attention of hon. members to the necessity of proceeding in an orderly manner. To do so, speeches must be strictly relevant to the item under consideration.

Another rule of the house forbids the tedious repetition of the same question. The Minister of Agriculture has answered one question at least ten times. Repetition is out of order. When a minister has replied to a question, if his reply is not to the satisfaction of hon. members they have their remedy; they may vote against the item. But it is contrary to the rules continually to repeat the same question, because we must expedite within reason the work of the house. I am trying to do that. As Chairman, I am the servant of the committee. The House of Commons has passed rules and standing orders. It is my duty to apply them, and it is the duty of all hon. members to try to carry on discussions according to the rules and standing orders of the house.

Mr. FRASER (Northumberland, Ont.): In view of the fact that I had the floor when you called me to order, Mr. Chairman, I wish to adhere strictly to the item of marketing, and I desire to say to my hon. friends that if they could market at a nickel a word the verbiage they have perpetrated on this house, they would pay off the national debt of the dominion without any difficulty.

Some hon. MEMBERS: Order.

The CHAIRMAN: In my opinion it is out of order to cast any reflections on the manner in which any hon. member has behaved in this chamber in a debate. If any hon. member is out of order, it is the privilege of another hon. member to raise a point of order, but it is not in order to make a general reflection upon the procedure or upon the manner in which any hon. member behaves in this house.

Mr. FRASER (Northumberland, Ont.): I did not make a general condemnation. I made a direct reflection upon and condemnation of the time which is wasted in this house.

Some hon. MEMBERS: Order.

Mr. FRASER (Northumberland, Ont.): Listen to me. Whether I am wasting time or not, I have the right to rise in my place here and say what I think.

Mr. COLDWELL: I rise to a point of order. This is entirely beyond endurance. Some of us have been in this house practically all the time, but I have not seen the hon. member very frequently in his place. I suggest that we try to follow the rules.

The CHAIRMAN: May we say that the incident is closed, and that we are now on item 28 of the estimates.

Mr. HANSON (York-Sunbury): May I suggest to hon. members that we proceed in an expeditious and orderly manner so that we may have the business of this house dispatched. I know nothing about agriculture; I admit that at once. Hon. members have some rights; but I submit there has been a great deal of repetition, which ought not to have occurred. Let us get on with the business.

Mr. BLACKMORE: Mr. Chairman, are we to understand that it is no longer in order to discuss the question of eggs? If so, we just want to know about it.

Mr. GARDINER: May I say that there is one rule which has not been referred to up to the moment? There is an orderly way of doing everything in the house. If we have passed an item which someone thinks ought to be discussed further, he can always move to revert to it. But so long as the item has been passed, and we have not reverted to it, I do not think anyone should bring the matter up and discuss it further. I might say that we stopped voting items last

night because the hon. member for Lethbridge requested the right to discuss eggs, and he was to have discussed eggs on item 27. I do not know whether he was in the house when item 27 was under discussion, but that item was held last night to permit a discussion of eggs. We have now discussed eggs and have passed item 27, and are now at item 28. We discussed eggs last evening for about an hour; we have discussed them again to-night for about half an hour, and I think we should go on with the discussion of the items, seeing that the hon. members who were here did pass item 27.

Mr. BLACKMORE: There is one thing which I think I should have the right to say, namely, that all day yesterday I had nothing to say on the items under consideration. Last night when I started to speak I was ruled out of order, and to-night, when we wish to discuss this matter, the hon. member for Northumberland, Ont., has the effrontery to rise and point to us over here as though we were the people who were causing the delay. All hon. members are discussing these matters; we are entitled to discuss them. While we are on the question of wasting time, I should like to know why we are here in this chamber, if it is not to talk, and whether there is anything more important to discuss than the matter of agricultural prices. I have now said my say.

Mr. COLDWELL: Since this is the marketing item, may I say something which is not strictly in order. It is this, that those of us who knew Doctor William Allen, who was in charge of our marketing services in Great Britain, would like to record our appreciation of the work he did for this country and our regret at the loss of a faithful civil servant. To his widow and family we would express our deepest sympathy. Those of us who knew Doctor Allen in Saskatchewan and the pioneering he did in agricultural economics feel that at some point, at least, in the discussion of the branch to which he was attached, some of us from that province—probably had the minister thought of it, he would have taken the initiative himself—may appropriately give public expression to the regret we feel that this valuable civil servant was lost at sea on his way to resume his duties in Great Britain.

Mr. HANSELL: I do not wish to ask the minister any questions about eggs. I was here last night and purposely refrained from discussion. I wish, however, to make an observation and bring it to the minister's attention, it has to do with marketing eggs in Great Britain. Last fall, when eggs were selling in Canada for fifteen cents a dozen, people in Great Britain were paying eight cents each for the same kind of eggs. That cannot be helped now, but certainly the people in Britain who are being taxed to the limit, and particularly old people of scanty means, who may be on the old age pension, should not have to pay eight cents apiece for eggs which our farmers have sold for fifteen cents a dozen. I suggest that if there is any way to overcome a condition of that sort, it should be remedied.

Mr. CORMAN: Could the minister give the committee any information regarding the possibility of sales of canned tomatoes to Britain in the coming year?

Mr. GARDINER: At the present time a deal is being negotiated with Britain for 20,000 long tons of tomatoes.

In so far as the shipment of eggs to Great Britain is concerned—answering the suggestion made by the hon. member for Macleod—we have been discussing within the last twenty-four hours with representatives of the British government the marketing of eggs in Great Britain. As a matter of fact, those representatives were sitting in the gallery of this chamber last evening, listening to the discussions which were going on, and probably gathering considerable information. The representatives who are here have intimated to us that there is a reason why they cannot take Canadian eggs. It has nothing to do with price except that we have not suggested to them that they should pay more for the eggs than they are paying in some other places from which they get eggs. The real reason why they cannot take as many of our eggs as we should like them to take, or as they would like to take, is the question of shipping space. They have obtained eggs for a long term of years from China, and those eggs have come in dried form. But they are not able to get dried eggs from that source now. If we had drying plants in Canada to dry all the eggs we have, we could dispose of all the eggs we have in Canada as dried eggs which we are not eating ourselves, but we could not get a sufficient price for eggs in the dried form to equal that paid now.

Obviously there are problems of all sorts. They can take almost any quantity in the shipping space if they are dried, but in the form of fresh eggs which have to be put in cases and packed in the space required for shipping eggs in that form, there is a question in their minds whether they will take eggs at all for any considerable period of time. They bought 180,000 cases in May and contracted for another 230,000—and that means millions of eggs—but they did not say to us

that they would like to contract for very many more at the moment. They are not sure whether their shipping space will be available, and if they contract for them they wish to take them. That all brings about difficulties in dealing with eggs at the present time.

I simply wish to add, to what was said by the hon. member for Rosetown-Biggar, the statement that this is the item under which Doctor Allen was paid for his services during the time he was in the employ of the government. As hon. members know, he was a veteran of the last war. He had been seriously wounded in that war, and he accompanied the group which went to Britain last fall to make agreements with the British government. He returned to Canada and explained these agreements to the farmers throughout the country. When he was on his way back to his post in London the boat on which he was travelling was sunk and he lost his life. I wish to add to the tribute paid him by the hon. member for Rosetown-Biggar by stating that he was one of the most faithful and most experienced servants the department has had. He was born in England; he homesteaded in this country, lived on a farm, went overseas in the last war, came back from overseas and took a university course to qualify himself for agricultural work, went to the United States and took a post-graduate course, came back to Canada and served the farmers of Canada with that experience. There was no one in the service of the department whom it would have cost us more to spare at this time than Doctor Allen, and I regret very much the loss the department has sustained.

Mr. HATFIELD: Will any of this money be used in the marketing of maritime potatoes in central and south America and in south Africa?

Mr. GARDINER: Under the Minister of Trade and Commerce there was a mission to the West Indies and south America. It was under way earlier in the year, but, as we all know, the Minister of Trade and Commerce had to return to Canada earlier than he expected. I understand he intends to go back, but the expense of those negotiations will not be under these estimates but under the estimates of trade and commerce.

Item agreed to.

29. Special. Prairie Farm Rehabilitation Act and water storage, $2,500,000.

Mr. PERLEY: There is no increase in this item. The item is a large amount, but there are no details. There is no page in the estimates to which we are directed for details. The minister might be well advised to give an outline of the work under the Prairie Farm Rehabilitation Act. He might tell the committee the programme for the coming season. I went to the auditor general's report in order to obtain a few details with regard to the operations of the last year, but I am sure the minister would not care to have me read all the comments in the report in connection with the work that has been done. I must leave it there because I do not want to take up the time of the committee. I will say, however, that a great deal could be said by way of criticism.

Yesterday the minister had a bill passed through the house in short order, and at his suggestion there was no particular discussion on it, because he said we might ask questions with respect to the Prairie Farm Rehabilitation Act when we came to the item for that act. We refrained from discussion yesterday. The act gives the minister considerable power to undertake small projects up to $5,000, and I should like him to give an outline of what it is proposed to carry out this year and what he proposes to undertake under the act passed yesterday.

May I refer to another matter. Will he make a statement with regard to community pastures. I have a clipping from the *Leader-Post* in which it is said that there was to be a conference of community pasture managers. In the auditor general's report the statement is made that there are thirty or forty managers of community pastures, and there are only fifty-four community pastures in the west. That is out of proportion to the number of managers that could do the work. As the minister said on a previous item, the reason for a reduction of $75,000 this year was the war. We might take that to heart with regard to this work. We have a war on our hands, and it should be the minister's endeavour to curtail in every possible way expenditures on this work. It has been going on for the last six years, and I notice in the auditor general's report that there are thirty-one employees in the work drawing over $2,400 or more each, some as high as $4,000, one or two in the neighbourhood of $6,000, and their expense accounts run from $200 to $1,500 and, in one instance, to nearly $2,000. That is one thing I should like to impress upon the minister; we have a war on, and while this work may be essential in some respects, I think he could curtail to a great extent and save, I would suggest, maybe half a million or a million dollars this year on this work without doing any injustice to those interested or to the west generally. Would the minister give us a statement with respect to what projects he proposes to undertake during the coming season?

Mr. GARDINER: Regarding the statement that we might save on the total amount this year, I might say that we were spending about $3,500,000 a year before the war. Last year that was cut down by a million dollars, and this year we have voted the same amount as last. While we are not lowering the amount below what it was last year, we are cutting it by a million dollars a year during the war period to date.

The appropriation on water development for 1941-42 is $1,270,000. Out of that there is for administration, namely, salaries, travelling expenses, wages, rent, freight, express, communication, supplies, miscellaneous and equipment, $178,200. For small projects the amount is $301,800.

Mr. CASTLEDEN: Is that smaller or larger than last year?

Mr. GARDINER: It is approximately the same, a little less.

Mr. DONNELLY: Does that include the community dam, small dams and dug-outs?

Mr. PERLEY: Water projects only?

Mr. GARDINER: Small water projects only. Then, in connection with larger projects, there is $58,000, covered in practically the same items as were covered for administration in connection with small projects. There is a total of $475,000 to be spent for the larger projects. For maintenance there is a total of $27,000. In connection with water storage there is $70,000 for administration and $30,000 for maintenance.

Mr. PERLEY: In giving these, will the minister state where the projects are?

Mr. GARDINER: These projects are at present only in the stage of being studied. I would rather not list them as absolutely authorized at present, because I am afraid that if they were published to-night as the names of projects we had undertaken to do, we might have to go ahead and do them, and some we might not wish to do after our examination is complete.

Mr. PERLEY: We are all going home next week—

Mr. GARDINER: I would not mind letting the hon. member look at the list, but I should not like to have names of projects published as having been authorized. There might be some that would not be proceeded with.

For surveys there is $60,000, making a grand total of $1,270,000 in connection with water.

The amount voted for land utilization for 1941-42 is $750,000. That vote has been increased, the vote for 1940-41 being $500,000. Land utilization administration amounts to $33,840; construction of community pastures and reserved grazing areas, fencing, irrigation and so forth, $320,660. Management and operation of community pastures amounts to $104,500. This is the item to which I think the hon. member for Qu'Appelle was referring in connection with costs of management. These pastures are operated under grazing boards that are set up in the community. The manager is appointed by the government, and is the secretary of the board. But fees are collected in those pastures for the placing of live stock in them, and although this is not true of each one of them individually, taking all the pastures there has been a surplus of fees over the costs of management.

Mr. PERLEY: How many pastures are there?

Mr. GARDINER: I think fifty-four at present. The policy in connection with the larger pastures is that a manager is in charge of each one. He has charge of the cattle or live stock in the pasture; he is charged with the breeding policy, and in the case of some, there is a marketing policy associated with the organization which he also conducts for them.

Mr. DIEFENBAKER: What is his salary?

Mr. GARDINER: The salaries range around $25 to $35 a month; they are not all the same. Just as there has to be a man to run a farm, there has to be one man at each of these pastures who has charge of the live stock for the year.

Mr. PERLEY: Employed by the year?

Mr. GARDINER: Yes.

Mr. CASTLEDEN: He is paid by the government?

Mr. GARDINER: He is paid out of the fees, but if there were a deficit it would be paid by the government. There is, however, usually a surplus.

Mr. CASTLEDEN: The pastures are used by the people of the district?

Mr. GARDINER: Yes; we take first the group of farmers in the first row of the section, add those in the second row and so forth until we get enough owning sufficient stock to occupy the pasture. Those men form themselves into an association and determine among themselves how many stock each one is allowed to place in the pasture.

Mr. CASTLEDEN: The control of the pasture is in the hands of the association?

Mr. GARDINER: Except that the government pays the manager. He is the secretary

of the board, and he really is an official of the government, and keeps a check on what is going on.

Mr. CASTLEDEN: Is he chosen by the association or appointed by the government?

Mr. GARDINER: He is appointed by the government.

Mr. PERLEY: How does the percentage of cattle in the pastures last year compare with the percentage the year before? Was there an increase or a decrease?

Mr. GARDINER: I have not the comparative lists. In any event, I am afraid they would not be useful because the number of pastures last year was much greater than the number the year before. The total number of live stock pastured last year was: cattle, 15,549; horses, 7,109; sheep, 646; or a total of 23,304.

I find I have the figures. The increase over last year was 11,382. That is, the number was about doubled.

Mr. PERLEY: What percentage of increase in the number of community pastures?

Mr. GARDINER: From thirty-eight to fifty-four.

Mr. PERLEY: It just ran about the same, then?

Mr. GARDINER: Yes, about the same. As a matter of fact, when we set up the pastures there was a regulation to the effect that only a certain number of farmers would be allowed in, until there was enough live stock to take up two-thirds of the capacity of the pasture; then, before more cattle, horses or other live stock could be added to that number, the committee had to agree to the increase, and also had to agree on how the distribution of that increase should be made. In the beginning we insisted that only enough farmers to supply two-thirds of the live stock that could be maintained by the pasture would be allowed in, in order that the people coming along later, after the scheme was under way, could increase the live stock on the different farms in the community; and there would be some increases at some points as a result of action being taken to make that possible.

The next item is the purchase of land, land sales and records, $75,000. That is a decrease from the previous year, when the figure was $110,000. Then we supplied bulls to these pastures, in the same way that we supplied them to clubs under other policies, and the amount allotted for this item is $15,000. Reestablishment of farmers amounts to $50,000. There is no provision for federal relief this year, nor was there any provision last year. Previously we had to pay some relief in connection with persons whom we were moving out of sub-marginal areas into other districts.

Then seed purchase and preparation, cultivation and harvesting operations on lands being irrigated by large projects, amounts to $100,000. That is, when these irrigation projects are started we have followed the practice of operating some of these lands during the first year and seeding them down to alfalfa, so that this land could be used by farmers as pasture land as soon as they took over the property. We have also seeded grain crops on some of the land, harvested them and, in some instances sold the grain. These lands are always sold to farmers on the basis of $10 an acre, under agreements which really never come to a final conclusion. In other words, the government always owns the land; the last payment is never made, and consequently the government is always in a position to prevent persons from getting control of all the lands and giving them a speculative value. Then there is grass seeding of community pastures; $20,000 in the Swift Current experimental farm district; $20,000 in the Scott district; $10,000 in the Indian Head district and $1,000 in the Brandon district, making a total of $51,000.

The headquarters administration item of $105,000 is made up as follows: administration of the Ottawa office, $9,500; administration at Regina, $45,000. This year there is nothing provided for the expenses of advisory committees; if they are called in, we shall have to make provision for those expenses out of the money that is not allocated. Aerial surveys amount to $500; last year the amount was $3,000. Economic surveys amount to $44,000; entomological surveys, $6,000.

Then come the cultural activities, namely experiments in research, including cooperative assistance to the prairie provinces in soil surveys and research, assistance to agricutural improvement associations, soil moisture and soil drifting, conservation projects, grazing surveys, the publication of experimental data and so forth, made up as follows: cultural publications and administration; publication of farmers' circulars, bulletins, and so forth, $29,300; district experiment sub-stations and reclamation stations, $130,125; grass investigations and coverage and range surveys, $30,645; tree planting, $39,065; soil research and soil survey, $68,155; agricultural improvement associations and soil drifting control, $54,000; cultural work on irrigation projects, $17,110; live stock surveys and sheep development, $6,600. We have nothing allotted for

reestablishing centres for pure seed grain production this year. That gives a total of $375,000, and this makes up the total expenditure.

Mr. DONNELLY: This act applies particularly to the district from which I come. The Prairie Farm Rehabilitation Act was instituted primarily for the purpose of assisting the people in the dried-out sections of western Canada. After four or five dry years, many people throughout the country, including many members of this house, said, "Well, that part of the country never should have been farmed; the people never should have been settled there at all, because it is not fit for farming." Even in that district we had people saying, "Probably the government made a mistake in asking us to come into this country and farm." Speaking in this house towards the end of the session of 1933-34, when the Conservative government was in power, I mentioned this situation and advised the government to make a thorough survey of that section of the country in order once and for all to settle the question of whether or not that area was fit for farming. If it was found to be unfit for farming, I suggested that they should move the people out of that district to some other part of the west. On the other hand, I said, that if that area was suitable for farming, then the government should go there and show the people how they should farm it.

I was, and still am, one of those who believe that that area should be farmed, that it was a good farming country. It is bound to have dry years; it has had them in the past and will have them again, but I was in that district for twenty years and had better crops there than I had in other parts of the west. It is true that for the last ten years we have had crop failures there, and we shall probably have them again, but I advised the former government that if this area was found suitable for farming, they should save every bit of water so that not a drop from that dried-out area would flow into Hudson bay or the gulf of Mexico. I said that we should keep all the water there, in order that we might have crops, because there is nothing wrong with that part of the country except lack of water. I said that we should dig dams and build reservoirs; that we should put in dug-outs and commence irrigation. Then I said that we should prevent soil drifting by strip-farming; that we should conserve the snow, and gather it together. We should plant trees so that the snow may drift round them. We should put fibre back into the soil by having our people sow grass in different sections.

The result of this was that in the next year, 1935, Mr. Bennett put into effect the Prairie Farm Assistance Act. He procured a site for a dam at Valmarie, and one at Eastend, and began operations there. Operations under the act have been continued ever since. It has been a great work and has done a great deal of good. We have learned many things, and particularly with regard to water. I claim that the great thing in connection with the holding of water is, in fact, the small thing. That is to say, the small dam, the little dug-out on the individual farm does more good than anything else. Anyone who has lived on a farm and who has hauled water four or five miles to water his stock knows what a great benefit it is to have water right at hand. These little dams and dug-outs give the farmer that water. They also enable him to irrigate a small piece of land, even if it is only a quarter of an acre, so that he may have a garden and grow a few vegetables. That does more good than anything else—more good, even, than the big dams.

We know that we have big irrigation schemes, but my opinion is that they are good only for purposes of show-window display. They show the farmer what can be done by irrigation. But if western Canada is going to depend upon irrigation, then the future of western Canada will not be very bright. That is all I have to say about the matter. All that the big dams and big irrigation schemes do is to show the farmer what can be done by irrigation. It shows them how to go to work in the making of small dams and small irrigation projects on individual farms. Those small dams are good things; they are the things which are of great benefit to the farmer. I heard someone say in the house the other night that the building of community dams, and that sort of thing, had developed into a racket. So far as my district is concerned, it was not a racket. I do not know whether I have an honest electorate or an intelligent electorate, but I know that we had no racket in this connection; nor have we had any of the bigger community affairs.

We have no big irrigation schemes. My district is in the very centre of the dried-out area, and yet we have not had those big schemes. We have no big dams. We have small irrigation schemes put in by the individual farmers. We have many small dams and dug-outs, but they have all been constructed by the farmers themselves. They are not drag-line propositions at all. None of them had cats and tumble-bugs to pull stuff out of the bottom of the dug-out. This was all done by the farmer with horses.

I should like to see more of these small systems. Then, practically all the better farmers in the district are doing strip-farming. Fifty per cent of our land is under cultivation and is sown to seed, and 50 per cent of it is summer-fallowed.

Mr. PERLEY: The hon. member will not be in on the bonus this year.

Mr. DONNELLY: No. I might say that most of our farmers are sowing their grain, much the same as they did in other years. They are not reducing their acreage. They believe it is better to have wheat stored on their farms than to have nothing growing. They would rather have three or four thousand bushels in their granaries, in case we have another dry year.

Next we come to the matter of tree planting. All hon. members will realize that tree planting is of great importance. We have many men in western Canada who are familiar with the subject. I still believe, however, that a great mistake has been made in connection with the planting of trees on the bald prairies from which I come. In the first place, the wrong kind of trees have been planted, and, in the second place, they have been planted in the wrong places. When a farmer in western Canada builds his house he builds it on the highest part of his farm, but that is the very worst place to plant trees. Invariably, however, the farmer plants the trees round his house, so that they may serve as a wind-break. He should, in my opinion, plant his trees in the lowest spot on his farm. He should plant them down in a draw, so that the trees could catch and hold the snow, and thereby develop a place where he could have a garden. The farmer, however, plants his trees on the top of a hill, where it is more difficult to catch the snow because of the action of the wind. The snow is blown away and does very little good and, in that position, the trees can do very little to hold the snow. They are only something to look at.

I say, too, that the kind of tree which has been planted is wrong. Invariably the farmers plant trees which grow quickly, and they have shown a preference for Manitoba maples and poplars. Those trees grow their roots close to the top of the ground, they do not develop a tap root. The result is that in the event of an early spring, and a spell of fine weather, the snow melts; the trees—possibly because of tree instinct—imagine that the summer has come, and the sap goes up into the branches. Then, during the night cold weather may come back; the thermometer may drop, and the tree is frozen, splits and dies.

Not only that, but trees of that kind take moisture from the top soil, and in dry years many of them die. I have seen dozens and dozens of beautiful hedges die out in dry weather on account of lack of moisture. If we would plant trees with tap roots, roots that go down straight into the ground, we would find that they would not be so quickly affected by the fine weather. The few warm days would not get down to the depth reached by the tap root. The result is that the sap would not come up until later; the tree would not be frozen and would not split. If we planted trees like the caragana, we would have much better results, because we know how well it grows, and the manner in which it develops its tap root. The same applies to the elm. It grows well in my section of the country. We need trees with tap roots which would go down into the ground, and live there even in dry weather, when trees living nearer the surface would be dried up and would die.

Then we have the other proposition, namely, the planting of grass, with the object of putting fibre back into the soil, and thereby preventing soil drift. Added to all that, we have had the project for the development of pastures. That is a good work. It has taken out of cultivation land which should never have been cultivated, and put it back into pasture. I commend the government for the work it is doing along these lines, although it requires some supervision. I hope to see the work continued, despite the fact that we are in the midst of a war. This is a development which is helping the farmer, and which has brought about a great change in the country. I hope it will be continued.

Mr. BLACKMORE: The hon. member who just resumed his seat has expressed my sentiments, although I would not agree with him in all he has said respecting irrigation. Possibly he has not had enough experience in that regard to appreciate its value. May I express my warmest approval of the minister's ideals in connection with rehabilitation work. So far as I have seen, I believe that his work has been well done, and that it will stand for generations after we are gone. Certainly it will greatly benefit western Canada.

Like the hon. member for Willow Bunch, I have great faith in the west, but it must be borne in mind that much of that land is in what is known as the Palliser triangle and probably should never have been settled. But now that it is settled, I do not believe in quitting. I believe that if we go forward with faith and put forward the amount of effort we need to put forth, we can make of that area one grand asset to the Dominion of Canada. The amount of money which is being voted here is not enough. I should have

been glad to see the minister bring down an appropriation of $4,000,000, and I would gladly have supported such a vote.

May I go on to urge that the minister continue to develop the larger areas of irrigation too? The dug-outs are suitable for certain areas. Indeed, I believe that each of the other activities in which the department is engaging and spending money are all good for the areas where they are. But there are some areas where it is not difficult to put a quantity of water out on land, which is fertile, and with a climate that is excellent, to develop a region where fine homes can be built which will be a joy and satisfaction to the minister and those associated with him as long as they live to see that good thing.

I wish once more to express my entire approval of the minister's plans and of the way he has worked them out, and to urge him not to be influenced by those who are talking too much economy. After all, let us remember that this war is perhaps only in its beginning. If so, we are going to need all the production that Canada can muster, perhaps long before this war is over. If it so be that we shall be blessed with an early termination of the war, we shall have these projects there; they will be good, and we shall manage somehow to raise the money to do the other things that are necessary.

Mr. DIEFENBAKER: I should like to bring to the attention of the minister the condition of Long lake within my constituency. It is not for the reason that it is so situated that I bring it to his attention. It is one of the largest lakes in southern Saskatchewan and it is of importance to the people of the province as a whole. It has located on its shores several fine summer resorts. Its fishing industry is of considerable importance. It is a reservoir of many hundreds of square miles. It has been receding over a period of years, and in the last year or so, in an alarming degree. This is one place where expenditures could well be made in order to ensure that that lake shall not dry out and that moisture shall be conserved. I would ask the minister to let the committee know just what is being done in that regard.

Mr. GARDINER: Long lake is situated, as many members of the committee know, almost directly north of the city of Regina, perhaps thirty miles north, and there are on that lake a number of summer resorts as the hon. member for Lake Centre has indicated. The lake is about seventy miles long and varies in width. It is one of the largest storage basins in the settled section of Saskatchewan and has been under consideration in this house on quite a number of occasions. Many years ago it was used for navigation. A boat ran the seventy miles north, carrying passengers and freight up and down the lake. At that time there was a dam built on the Qu'Appelle river just to the south and east of the lake. That dam was constructed in such a manner as to catch the water when it came down in the spring of the year and force it into Long lake. Then, during the summer months, for a considerable part of the time the water was allowed to run out of the lake again and down through the valley. The government of Canada has had one or two lawsuits as a result of having changed the course of the water and raised the water levels—

Mr. MacNICOL: May I ask if the Qu'Appelle river had a branch flowing into Long lake?

Mr. GARDINER: Yes; the natural flow of water did take that course. It ran into the lake in the early part of the season, and, as well, water was fed into the lake from all round. When the water reaches a certain level it starts to run out again down the Qu'Appelle. But the dam which was put in made that operation more effective than it was before. The dam has raised the water approximately six feet above the original level through forcing the water in.

There was a lawsuit many years ago by reason of the flooding of lands at the end of the lake for the purpose of making it possible to run the boat to which I referred, and the government as a result of the lawsuit had to pay $50,000. Later on, there was another lawsuit because the people below were not able to get water on to their hay lands at the proper time of the year. The water came down in June and, instead of helping to produce hay, helped to produce foxtail. The operation of the dam was accordingly changed to let the water come down in greater volume in the spring of the year, and ever since that change in the operation of the dam, the level of the lake has gradually been going down. During the drought years it has gone down to six feet below the level of the stream itself from the Qu'Appelle river into the lake, from which the water comes in, part of the time. An effort is being made so to operate the dam as to raise the level to some extent, but I am afraid that as a result of our experience, the effort may not be successful until we have years of greater precipitation than we have had in the last three or four or even ten years, during which period there has been a receding of these waters. Nevertheless the water has been running into that lake.

There have been some other things done on the river which affected the amount of water which comes in at least in the early part of the year, after these works were constructed. A dam was put across the Qu'Appelle river up where Moose Jaw creek enters the Qu'Appelle, directly north of the city of Moose Jaw. The water from Moose Jaw creek, if I understand the location of the dam, remains in that lake. That is what is known as Buffalo lake, and the drainage from the west that comes down the Qu'Appelle and down from the north from all the streams in that area also runs into that lake. Up to the present time this year there has not been the volume of water come down from Buffalo lake which came down before, and probably that has had some effect on the amount of water which has gone into Long lake this spring.

My view is that the amount of water which passes Buffalo lake this year and perhaps for some succeeding years will not affect greatly the level of Long lake. But we shall have to have a few years experience to learn to what extent that is true. It is not impossible to let the amount of water come down which would have naturally come down, and to let it come down over a longer period of time, because the dam can be so operated at the end of Buffalo lake as to make it possible for that water to come down the Qu'Appelle and be run into Long lake through the operation of the dam at Craven.

That is the position at the moment. The committee which has been appointed by the summer resorts on the lake has been working on the problem, and I am to meet them when I go west after the session, discuss the matter further, and decide on any works that may be necessary to control the water in the interests of all the people living in that area.

Mr. QUELCH: Will the minister outline briefly his programme with regard to the building of small dams? I understand that the department has a number of old applications before it to be dealt with. Is it the intention to accept new applications, and what will be the price paid? The minister will appreciate the fact that under the new agricultural policy there will be a swing back to the raising of stock. A great deal of new land will be used for pasture, land which to-day has no access to water, and it will be necessary that provision be made for the construction of dugouts on this new pasture land.

Mr. GARDINER: In so far as the dug-outs for which there has been application in the past are concerned, our present intention is to make a survey of those which have been actually passed and arrangements for the digging of which have been made, and to have those passed first; and if they take up the amount of money which is available, that will be all that will be proceeded with this year. I am, however, under the impression that a considerable amount of the appropriation will be left after we have dealt with these, and then we shall take the applications in the order that they come in from that time on, in order to have dug-outs constructed on the different farms. I may say that it is the intention, unless we are otherwise advised or convinced by the advisory committee, to insist upon getting back to the method which was outlined by the hon. member for Wood Mountain, and which he says has been followed largely in his constituency, namely, of having these dug-outs constructed as far as possible by the farmers themselves.

Mr. QUELCH: Is it possible to obtain the services of the inspectors or engineers to advise as to the construction of these dug-outs in the event of its not being possible to get financial help in the digging of them? Can a farmer get this expert advice and go ahead with the work even though he is not paid for it?

Mr. GARDINER: Yes. When farmers make application for engineering advice with regard to the building of dams or the construction of dug-outs on their land, we give that engineering advice free. We prefer, of course, that the farmer should do the work without assistance from the government. In most instances—I would say in 90 per cent—the farmer, because others are getting assistance, insists on having it too, and assistance for construction to the extent of four and a half cents a yard on the moving of earth is given in those instances.

Mr. COLDWELL: I should like to ask the minister a question about another phase of prairie farm rehabilitation work. I refer to the soil surveys. I believe that that work should be continued and extended into the northern area of Saskatchewan, and, perhaps, some re-surveys should be made. Probably one of the most valuable services which has been done to western Canada is the soil survey. Had we had information available earlier as to types and locations of various soils, we might have avoided many of the errors which were made in settlement in past days.

I mentioned this evening Doctor William Allen, who together with Doctor Hope made an economic survey of parts of Saskatchewan. I believe that an attempt is now being made

to relate the surveys of these gentlemen to the soil surveys which were largely supervised by Doctor Mitchell. I am wondering to what extent the work is proceeding and to what degree the officials who are undertaking this work in the capacity of soil scientists are within the department. Are they yet temporary employees, or are they now a part of the civil service? I believe they are doing a very valuable work not only for our province but for the entire west. I should like to see the soil survey made a definite branch of the service and every encouragement given to continue and extend these surveys. I have in mind at the moment the possibility that after the war other people will desire to go on the land. We have not, so far as we know, a great deal of good land now available for settlement; but we have a great deal of land, and if it were classified, and analyses made so that we would know for what it is best suited, we might be able to find homes for people who might not be able to find them for themselves.

One of the finest services performed for the province of Saskatchewan and for western Canada, has been done under the supervision of Doctor Mitchell, of the university of Saskatchewan. I should like the minister to say a word about this matter, if he would.

Mr. GARDINER: Soil survey work has been going on in western Canada, as the hon. member for Rosetown-Biggar knows, for quite a number of years. It has been a cooperative effort as between the federal government and the provincial governments. Mr. Wyatt in Alberta and Mr. Ellis in Manitoba have charge of the work there, operating through the universities. In Saskatchewan the system has been worked on a rather different basis from that in the other two provinces. After the last war we had a considerable amount of money derived from overages from wheat. The overage fund was turned over to the three provinces. Saskatchewan set aside from its share of the fund about a quarter of a million dollars, and ever since 1926 they have been using the interest derived from that fund for soil survey work. All the province has been covered by that survey, and, in addition, there has been a survey of precipitation over the whole province. A map has been made covering the soil survey; a new map is in process of being made in which the moisture condition as related to the soil condition is mapped as well, and one can get a very full knowledge of the condition of any area by examining that map.

As a result of these surveys, there has been set up in the various provinces systems under which an attempt has been made to get people off sub-marginal lands. In Alberta they have their special areas. They have been working at this scheme since 1922, and probably more people have been moved off sub-marginal lands in Alberta than in the other two provinces.

Since this particular plan has been put into effect, and since we have adopted the practice of setting up pastures on sub-marginal lands, we have taken approximately a million acres of land out of cultivation or out of the control of individual farmers and put it into these community pastures. By this means, about a million acres have been taken out of possible cultivation for the growing of grain. The position in relation to that is that we are spending about $68,000 out of this vote on that soil survey work. The provinces are going on with the work which they have been doing, as well. The universities are associated with us in this activity, and we are hopeful that within a comparatively short period we shall have a complete knowledge of the soil condition of all the settled portions of the three provinces.

Mr. BLACK (Cumberland): Before this item carries, may I observe that the discussion has been almost entirely from the point of view of western Canada. Those of us from the east have great sympathy for the west. We in Nova Scotia have special reasons to feel sympathetic because so many of our people went out west and helped to build up that section of the country. But we in the east, too, have farm problems, and to us it is staggering what sums of government money have gone into the west for the benefit of agriculture, in comparison with what has been expended in the east.

At the head of the bay of Fundy we have a problem as great or greater than any now facing the west, with regard to water control. Ours, however, is the problem of too much water, rather than that of conserving it. The figures I have secured indicate that under this heading of farm rehabilitation, there has been expended up to the end of the fiscal year, 1940, $9,794,597. There was appropriated for the fiscal year 1940-41, $2,500,000; I am not sure whether the minister made a statement as to what amount was actually expended.

This vote is for a further expenditure of $2,500,000. This programme provides for 31,089 smaller water-control projects, a few of which have not yet been undertaken, and, in addition, sixty-three large projects. There are extensive irrigation undertakings; there are community pastures, grass seeding, soil survey, pasture survey, prevention of soil drifting, tree planting, moving people from one section to another. Many, many millions

of dollars have been expended in the west to assist the growers of grain. We have had before us this year an appropriation of $35,000,000 to restrict the growing of wheat, or to bonus people for not growing wheat.

In eastern Canada we have rich areas of alluvial soil at the head of the bay of Fundy, as rich as any in all Canada, soil that attracted our earliest settlers, three hundred years ago. Such land had a selling value up to $150 and $200 an acre fifty years ago. It was the most attractive possession a man or woman could have as an investment. This property is to-day hardly worth owning except to those who are able to use it in their farming operations and who work it with their own labour. That is due to the reduction in the value of the crops in relation to the cost of harvesting, the great reduction in yield and the quality of the crops.

The tides are up to sixty feet in height at the head of the bay of Fundy. Many of the dykes built by pioneer settlers to protect these rich lands have broken down, and the lands are flooded. They have not been re-built because the owners of the property have not received returns of sufficient value to enable them to keep these dykes in repair. They have not been able to keep the canals open and ditch the marshes, with the result that tens of thousands of acres of our richest lands are becoming valueless. There are dykes broken down, aboideaux washed away, water courses filled up, and large areas flooded. That is the condition in the east, at the head of the bay of Fundy in the constituency of the Minister of Finance, in Colchester, in Hants, in my own constituency of Cumberland, in Westmorland, in Albert county. If the government is spending $15,000,000 on farm rehabilitation and the construction of more than 31,000 water-control projects, irrigation works and so forth in the west, something should be done for eastern Canada, and there should be an appropriation to assist owners of marsh lands in Nova Scotia and New Brunswick. I appeal to the minister and ask him if a small portion of the vote now before the committee could not be appropriated for assistance in controlling water, protecting and draining these very rich marsh lands at the head of the bay of Fundy in eastern Canada.

I am not objecting to what is being done for western Canada, but what the farmers and farm owners in eastern Canada have been receiving is not a drop in the bucket compared with the moneys that have been provided by parliament to assist owners of land and growers of grain in western Canada.

[Mr. P. C. Black.]

Mr. GARDINER: I would not wish to get into a discussion to-night on the amount of money spent east or west in connection with agriculture, but I have seen the dykes in the bay of Fundy, and I know they must have served a good purpose at one time. In some instances they still serve a good purpose, but there are others which I have seen in a state of disrepair which would make it necessary to do something about them. I do not know whether the responsibility lies here or elsewhere; I have not acquainted myself fully with the facts. I am informed that at least some of the money which was put into the construction of dykes in the early years was put up by the federal authorities. I have not looked into the facts in that regard, but I know there are many works along the streams and inlets in the eastern part of Canada upon which expenditure is being made, not by this department but by the Department of Public Works and other departments.

So far as expenditures in western Canada are concerned, they do not apply to all the west, but apply only to what is generally known as the drought area. Roughly speaking, a line is drawn about that dried-out area, and expenditures are made south of that line. For example, we do not make expenditures up in the Peace River country or in the northeastern part of Manitoba or in the extreme north of Saskatchewan. The line starts down in the neighbourhood of Winnipeg and runs in a northerly direction. It crosses the Alberta boundary where the Saskatchewan river crosses and then runs in a southerly direction to the Rocky mountains through Alberta. Therefore this is not an expenditure which is made throughout western Canada but is only in the area where the people have been suffering greatly from drought. As a matter of fact, it is made largely in the area which we did not throw open to settlement until after 1908.

Many of the lands in that area were used by the federal government until 1931 when they were turned back to the western provinces. During the regime of the previous government a commission was set up to investigate the matter, and it was reported at that time that somewhere in the neighbourhood of a figure which has been submitted to-night as having been spent on these activities—$10,000,000, if I remember rightly—was devoted to the purpose. The commission decided that about $6,000,000 is due to Saskatchewan and a similar amount to Alberta. Four million dollars has already been paid to Manitoba as a result of investigations made. These amounts were considered to be due to these sections because of the balance

between expenditures made by the federal government and amounts obtained by the federal government out of the sale of land and the disposal of land generally in the west. Consequently the balance is not all against the area in which these activities have taken place. Lands of the west were partly homesteaded, partly given to the railways to get them constructed across Canada, and sold in part to settlers who went in. That was not done in any other part of Canada. There is, therefore, in connection with the whole matter a problem involving many questions which I would not wish to discuss under this item.

We have been doing something to assist in connection with soil surveys in the eastern provinces on much the same basis as we have done in the west.

Mr. BLACK (Cumberland): In conjunction with the provincial department?

Mr. GARDINER: Yes, in cooperation with the provinces and the university staffs, by the making of grants. The other part of the work we have not done. We have not done it either in the east or in British Columbia or in the northern sections of the three western provinces. It is confined largely to what are known as the drought areas.

Mr. HANSON (York-Sunbury): I wish to say a word in commendation of the subject matter raised by the hon. member for Cumberland. The locality to which he refers is not in my part of the province, but I spent five years in the immediate vicinity when I was going to school and am thoroughly familiar with it. In the last decade of last century, the nineties, there was no more prosperous part of eastern Canada, from the point of view of agriculture, than that part known as the Tantramar marshes. That statement is also true with respect to Grand Pré and other places in the counties of Kings and Annapolis in Nova Scotia. Their wealth was due to their productivity in hay and coarse grains. The lands have been protected over many years by these artificial barriers against the sea which were maintained under statutory authority by elected commissioners, I think in most instances under the control of the property owners themselves.

I well remember when I was going to school at Sackville marvelling at the number of carloads of beef cattle annually sent to the Halifax and Saint John markets from that community, many of them for the export trade to England. That has now to a large extent disappeared; just why, I have often wondered. I have made inquiry from landowners with regard to it, and they tell me that one of the great blows to the prosperity of the country was the advent of the internal combustion engine, the loss of the market for the hay that came from the cultivated parts of those marshes, and the gradual loss of profit in the production of beef cattle. The result has been exactly as the hon. member for Cumberland stated.

We have in our community in the county of Sunbury and the county of Queens on the east side of the river St. John a comparable situation. We have the large plains of the St. John valley, the big alluvial deposits there and a large island section in the river. I remember that one of the first investments I ever made was in an island lot in the river St. John, from which I annually sold the standing grasses, and which fortunately for me I disposed of before the deluge came.

There is no doubt that there has been a great depreciation in the capital values of those lands nearly all of which were owned by the farmers. The minister has stated, mostly fairly I think, the situation of the west, and I sympathize with the condition he has delineated there. I am going to make a suggestion to the minister. Would he, and could he out of this vote or some vote in these estimates, send some scientific man or engineer to look over the whole position in the counties of Albert and Westmorland in New Brunswick and Kings, Cumberland, Annapolis and Colchester in Nova Scotia, with a view to establishing perhaps a policy in conjunction with the provinces—because I believe the provinces have an obligation also to do something to reestablish the fertility and wealth of a very large acreage of land which is unquestionably productive but which needs this protection from the sea water? It requires the rebuilding of dykes in certain places and drainage in and out of the sea. I do not think the amount of money required would be so very large The reason why it has not been done is the loss of profit from the product of these areas. Therefore the suggestion that occurs to me on the spur of the moment is that the minister's department interest themselves to the extent of sending a man this summer to make a survey of the whole position with a view to evolving some plan whereby the land would be reclaimed to a degree at all events, not only for the present owners but for future generations. I think something could be done. At all events, it would be a splendid gesture to the people of those counties. If the minister could see his way to divert even a few hundred dollars for a survey, then the whole situation could be considered at a later date. I am sure the

hon. member for Cumberland, the hon. member for St. John-Albert, the minister who represents a very large area, and the hon. member for Colchester-Hants, would lend all the assistance they could in the way of showing the locality, perhaps driving the engineer round and interesting him in the problem, because it is a very real one.

All I would venture to ask of the minister to-night is that he take some money out of one of these votes and have a preliminary survey made. Then the whole problem could be considered and, if possible, some plan evolved which would save the situation. Time is, I think, somewhat of the essence. Unless something is done to protect these dykes, the whole country will sooner or later be inundated. I invite the minister to give his serious consideration, after the close of the session, to the suggestion I have made.

Mr. GARDINER: I think the former government and, I am sure, the present government have guarded jealously the expenditure of this money as to the areas in which it is to be expended. It is most difficult even to propose getting outside that area, and I quite understand why that should be the situation. The federal government naturally did not wish to expend moneys on lands which are largely under the control of the provinces, apart from the areas where they felt some responsibility for having induced people to go in during a time when it was questionable whether it should have been settled.

I question whether we should or can do anything with this other problem. We have experimental farms at Fredericton and Nappan, and the staffs there worked along with the provincial authorities in making a survey of the very problem which has been raised here. We have had a committee working on it; a preliminary report has been made, and the report so far as it has been made would indicate that there are certain difficulties, which will be understood by both hon. members who have spoken. One of the difficulties is an economic one arising out of the change in conditions. The time when these marshes were giving the greatest returns was when cattle were being produced in much greater numbers than now. There are two problems: one, that of reconstructing and maintaining the dykes, and the other, that of what would be done with the land as against what was done with it in days when it was most profitable, namely, the growing of hay and grasses for cattle. Whether we can get back to that or develop some other kind of agriculture upon these lands is one question. I may be wrong in this. I have not discussed it with any of the authorities; I only say it because of what was said to me when I was there looking it over a few years ago. My understanding is that there is a condition in that soil which makes it peculiarly suited to growing certain kinds of grasses, and the fact that it has been flooded periodically over a long period of time by salt water has created a condition which requires a peculiar kind of cultivation in order to grow other crops than those grasses.

Mr. HANSON (York-Sunbury): That, I think, would apply only to a very much limited part.

Mr. GARDINER: That is part of the problem. All these matters are being surveyed, and reports are being made. To-night all I can say is that when we have a final report I think it will be found that the federal government and this department will sympathetically consider anything that can be done, and will assist as far as may be possible.

Mr. PERLEY: I do not wish to detain the committee any longer than is necessary, but this work is being carried on under three or four distinct branches. For instance, there is water development and conservation, land utilization, community pastures and seeding down to permanent pastures, and soil drifting. Would the minister tell us briefly what, in his opinion, is the branch from which he is getting the best results in connection with the rehabilitation of western Canada?

Mr. GARDINER: Of course they are all related, and it would be difficult to name the one from which we are getting the greatest benefit. Water, in the form in which we are providing it, in most instances is only valuable if live stock can be maintained; and live stock can be maintained only if water and grass are available. Therefore the reseeding of land to grass is associated with the question of having water. Perhaps the work that has been done might be described in the shortest possible way by reading a letter I have before me I wrote to ask this lady for the privilege of using this letter on some occasion, and I do not know of any better time than right now, because I think it illustrates better than anything I could say the great benefit that is being obtained by our people on western farms from this work. I do not know this lady at all, but the letter is written by Mrs. George Calder, Junior, of Bow Island, Alberta,

addressed to Mr. Cavan, one of our officials, and it illustrates many of the things I have seen personally in the west:

Bow Island, Alberta,
October 29, 1940.

Dear Mr. Cavan:

I am writing to let you know how much my husband and myself appreciate the work of the P.F.R.A.

Although we have been farming here for the past twelve years, this is the first year we have ever had a real garden. Thanks to the P.F.R.A. and its personnel whose assistance made this possible.

To those who live in areas where moisture is plentiful, a garden is taken as a matter of course, but to those of us in the drier areas who have struggled year after year only to see our garden dry out, to be able to grow a real garden and see it mature under the spell of plenty of moisture seems almost a miracle.

In spite of a constant fight against grasshoppers, we were able, by means of a small dug-out, a pump and an engine, to raise more than enough vegetables for our own use for the next year. I have canned over 125 quarts of beans, peas, corn, tomatoes and cauliflower, besides pickles galore. The cellar is full of potatoes, squash, beets, turnips, parsnips and citron. Besides, we had actually hundreds of watermelon and muskmelon. We had so many fresh vegetables during the summer that our grocery bill was $30 less than usual. The cash value of the garden for this year alone would be double the cost of construction, but to estimate the cash value of such a garden would cover only a small part of its real value. After seeing dried-out fields and lawns, to walk through or work in an oasis of thick green vegetables does something to one's morale and makes you feel as if life is worth living after all.

It gives one such a feeling of security to know that your cellar is full of vegetables, and every one knows that to maintain health we must eat vegetables. How much better to be able to grow them at home than to have to buy them in cans or depend on what the local store might have on hand!

We hope to be able to add fruits to our garden in another year. This will make the farm almost self-supporting, at a time when, due to the wheat situation, it may be needed most.

We sincerely hope that the dominion government will be able, in spite of the war, to carry on this wonderful work, so that many others will benefit as we have done.

Thanking you for your assistance, I remain,

Yours very sincerely,
Viola E. Calder
(Mrs. Geo. Calder, Jr.)

This letter describes better than I possibly could just what the construction of these dug-outs by the hundreds all over western Canada is doing not only for the economy of the west but also for the morale of the people; and, after all, I think the effect it has had on this woman, multiplied by a great number of families, is the most significant result we have had from the whole programme.

Mr. MacNICOL: Did I understand the minister to say that the post office address of the writer of that letter was Bow Island, Alberta?

Mr. GARDINER: Yes.

Mr. MacNICOL: Then do I understand that this farm is on an island in the Bow river?

Mr. MacKINNON (Edmonton West): No; Bow Island is not on or in any body of water. It is an inland post.

Mr. MacNICOL: Then why is it called Bow Island?

Mr. MacKINNON (Edmonton West): I am not just sure at the moment.

Mr. MacNICOL: An island is something that is surrounded by water, is it not?

Mr. GARDINER: A great many towns in western Canada have names that are hard to explain or understand. This may have been called an island because it is a dry section of the country surrounded by different areas. If I may judge from this letter, that might be the situation.

Mr. WRIGHT: I should like to add my voice to those who have spoken in commendation of the work which has been carried on under the Prairie Farm Rehabilitation Act, which I think is one of the most constructive measures that has been applied to western Canada in a long time. The work done in connection with soil surveys has been especi ally advantageous. In the early days of th drought area many settlers moved volun tarily to the north, while others were moved by the government. Some of these settlers were placed on land which was not suitable for agricultural purposes. After a soil survey was carried out some years ago, many of these families had to be moved once more and placed on new blocks, the last of which was established some two or three years ago. When these people left the south they were assured by the government that they would be properly reestablished in the north. Therefore I should like to ask the minister if any part of this money is to be used to complete that reestablishment. I know some of the people have not been satisfactorily reestablished, and I have particular reference to one block south of the Canadian National line from Prince Albert to Hudson Bay junction. This block was established only two years ago, and as yet these people have not enough land under cultivation to be self-supporting.

I believe the government should do something to help to reestablish these families. Will any of this money be used for this purpose?

Mr. GARDINER: No. Until this year we did have a fund, although not under this vote, which was used to help to take care of people who had been moved north. In 1932 the federal government undertook to pay one-third of the cost of moving a group of people from the southern parts of Saskatchewan and Alberta to the northern sections. I am not so familiar with what took place in Alberta; but, if I am not mistaken under this scheme about eight thousand people were moved to that area from the southern part of Saskatchewan. Many of those people got into difficulty, and we undertook to assist the provinces to take care of those people until they became sufficiently well established on the land to be able to take care of themselves. Since that time, the provinces have moved other people to that district, but that was entirely a provincial problem, and we did not spend any money to assist them. The fund which was in existence prior to last year has not been voted this year; the provinces are taking care of the problem themselves.

Mr. NICHOLSON: Yesterday I inquired with regard to a proposed project on the Assiniboine river near Preeceville. I mentioned the fact that a great many dug-outs had been provided in northeastern Saskatchewan, which are very much appreciated by the farmers who are trying to get into mixed farming. What is the policy with regard to larger commitments in connection with projects such as the one on the Assiniboine? Is it proposed to complete that project this year, and what will be the cost?

Mr. GARDINER: There is a site at which the building of a dam would cost about $20,000. That is under consideration, but is not yet definitely passed. I believe it is in the vicinity of Kamsack. I would not be too sure about the exact location of it, but it is on the Assiniboine river. A number of dams have been under discussion, but the only one being considered for possible construction this year is one which would cost about $20,000.

Mr. NICHOLSON: I understand that the only benefit which would result from the construction of this dam would go to the town of Kamsack. I was wondering if this money could be used for the benefit of towns and cities; I understood that it was to be used for the rehabilitation of agricultural areas. I know that the town of Kamsack is short of water, and that the building of this dam would help. I do not, however, believe that it would benefit any farmer in that area.

Mr. GARDINER: There are two dams listed here. I believe neither of them is in the mind of the hon. member. One is in the vicinity of Canora, on the White Sand river, and the other is in the vicinity of Preeceville. The engineer's description of the Preeceville dam is that it consists of storage works to be constructed on the Assiniboine river a short distance above the town of Preeceville, for the purpose of storing flood water in lakes Lomond and Annie Laurie—both Scotch. This water would be released at low-flow periods for domestic stock watering and for irrigation purposes for farmers in communities located adjacent to the Assiniboine river valley between Preeceville and Brandon.

The intention of building there is not just that of helping the town, although it may have that effect. The main object is, however, to provide water during the summer months in greater volume by storing it in the spring. At one time the headlands of the Assiniboine were clothed with poplar trees which held the snow in the spring. The intention of this kind of work is to bring about a similar effect by the artificial storage of water in lakes, and permitting it to go down during the summer months, thus avoiding a rush in the early spring. That is the intention; it is not that of helping any particular town, but rather of helping many areas all the way along.

Item agreed to.

30. Special. Prairie Farm Assistance Act, $500,000.

Mr. DIEFENBAKER: To-day we had presented to us an amendment in connection with the Prairie Farm Assistance Act. There is no act, the administration of which causes members representing rural constituencies more trouble than does this one. That arises because the administration of the act, in so far as the regulations are concerned, has departed from its intention. There are also certain anomalies in connection with the administration of the act which I should like to bring to the attention of the committee, and particularly to the attention of the minister, so that, if he sees fit so to do, he will cause the act to be amended accordingly.

In the first place let me point out that under the act "farmer" is defined as a person engaged in farming in the spring wheat area.

Mr. GARDINER: May I suggest that a bill amending the act is now on the order paper, and I had expected it would be before

the house to-night. If the hon. member does not object, I would ask that he defer what he has to say until the bill is before the house.

Mr. DIEFENBAKER: I shall not discuss the bill. If I may, I should like to discuss certain suggested amendments not covered by the bill.

Mr. GARDINER: That could be done when the bill is before the house. I do not believe this is the time to discuss amendments to the act, when a bill amending it is on the order paper.

The CHAIRMAN: It would be out of order to speak about anything but the item before the committee.

Mr. DIEFENBAKER: I wish to deal with expenditures made under the act, and the unfairness which, in many instances, has arisen in connection with its administration.

The CHAIRMAN: The hon. member may discuss the manner in which expenditures voted last year were expended, when we are discussing the expediency of voting $500,000 this year. That, of course, would be in order. But to discuss the general scope of the act, or the general policy underlying it when it was first introduced, would be out of order, because that subject is not before the committee.

Mr. DIEFENBAKER: Thank you. What I intend to discuss is the manner in which last year's vote was disbursed.

Mr. GARDINER: In that event may I make a suggestion? There are only three items left in the estimates for my department. It would appear that the discussion of this item may take some time, and we have only a few minutes left. Could we not call the other items, and leave this one until we have passed the other two? This could be left for discussion until a later occasion. The other two items are to provide for assistance to encourage the improvement of cheese and cheese factories, and to provide for assistance for replacement of maple production equipment.

Mr. DIEFENBAKER: I have not wasted the time of the committee, as someone has suggested.

Mr. GARDINER: Then I move that this item be allowed to stand.

Mr. DIEFENBAKER: We were advised that the bill would be proceeded with this afternoon. I have waited here throughout the evening for this item to come up. But now that there is an opportunity to discuss it—

Mr. GARDINER: But there is not; we have only ten minutes left. My proposal is that we proceed with the other items, and then return to this one.

Mr. DIEFENBAKER: I do not feel disposed to give up the floor on this occasion.

The CHAIRMAN: Mr. Gardiner has moved that item 30 stand; is it the pleasure of the committee to adopt the motion?

Mr. DIEFENBAKER: On a point of order, when I have the floor is it permissible for the minister to make a motion, in order to deprive me of the floor?

Mr. GARDINER: I am not suggesting that we want to deprive the hon. member of the floor. He must realize, however, that he cannot discuss in ten minutes the subject he intends to cover. Certainly I cannot possibly reply to-night. I do not imagine the other two items would take much time; possibly we could deal with them in ten minutes. I am sorry the committee has taken so long to pass the other items. I had hoped we would have passed the bill, as well as the estimates. Since, however, we have taken so long, I am simply asking as a matter of convenience that we take the other items first.

The CHAIRMAN: When estimates are before the committee it has always been customary to accede to the wishes of the minister in charge, and to allow an item to stand if he so indicates. Generally speaking, the minister in charge of a bill will say that a certain section should stand, and the committee then proceeds to examine the other sections.

Mr. DIEFENBAKER: Mr. Chairman, the minister called this item.

Mr. GARDINER: No, "the minister" did not; the Chairman called it.

The CHAIRMAN: Strictly speaking, the hon. member is right. An item being called, and an hon. member having risen in his place, if we are to follow the rules strictly we must rule that he is not obliged to yield. The minister in charge of his estimates has pointed out that the discussion of the item in question would certainly take more than ten minutes, so that the hon. member will necessarily have to come back to-morrow if he wishes to take part in a further discussion of this item.

Mr. DIEFENBAKER: That is the assurance I should like from the minister, that this item will be called to-morrow. I have been here all day waiting for it to come up.

Mr. GARDINER: I cannot give the assurance that it will be called to-morrow. I shall not be here to-morrow. I have to catch a train in a few minutes, and that is why I was anxious to get the other two items cleaned up. But the item will, I imagine, be called next week.

Motion agreed to.

Item stands.

31. Special. To provide for assistance to encourage the improvment of cheese and cheese factories, $1,250,000.

Mr. HATFIELD: How will this money be spent, and in what provinces?

Mr. GARDINER: It may be spent in any province of Canada, but it will be spent in order to improve cheese factories, and since most of the cheese factories are located in Ontario and Quebec, a greater part of this will be spent in those two provinces. But it can be spent in any province in which there is a cheese factory.

Mr. HATFIELD: May it be spent in New Brunswick?

Mr. GARDINER: It may be if application is made from New Brunswick, or in any other province from which application is made.

Mr. HATFIELD: It will be spent to encourage the building of new cheese factories?

Mr. GARDINER: No; it is spent for consolidation, where it is desired to bring two or more cheese factories under one construction in order to eliminate the number of factories and bring about more efficient production. It is not for the building of entirely new factories.

Mr. STOKES: What percentage approximately of the cheese factories in Ontario have been equipped with modern refrigeration plants?

Mr. GARDINER: There have been fifty-four assisted this year, and I understand that there are about 600 cheese factories in Ontario. It was about the same number the year before. It varies from year to year.

Mr. STOKES: Then I take it that the greater number of cheese factories are not equipped with modern refrigeration plants?

Mr. GARDINER: Some may have been equipped before this policy was introduced. Our intention was to encourage factories to put in equipment to produce the type of cheese form which they desire to have in Britain. Another reason was that we wished to encourage the putting in of storage equipment which would keep the cheese in good shape. Those two activities have been carried on in the different factories. Some had the equipment before, and others we have assisted.

Mr. STOKES: I should like to know what position a cheese company is in which had already got equipment and received a bonus from the department, then lost its building and outfit by fire. Will it be reimbursed? Will it get a subsidy towards a new building?

Mr. GARDINER: The way that has been handled to date is that they get half of the difference between the cost of reconstruction and the insurance they collect as a result of the fire.

Mr. DIEFENBAKER: What is the reason for the increase of a quarter million dollars in this item?

Mr. GARDINER: This includes premiums as well as what we have been discussing, the improvements in factories. There is a premium of one cent on cheese that scores 93 and two cents on cheese scoring 94. The amount of cheese which gets into these two grades is increasing year by year, and, in addition, there is an increased quantity of cheese manufactured. Cheese production has risen since this policy was started, from 120,000,000 pounds to 140,000,000 pounds, and we hope it will be higher this year.

Mr. WRIGHT: Does this vote take care of the extra cent which the minister announced the other day?

Mr. GARDINER: No; that comes under war measures.

Item agreed to.

32. Special. To provide for assistance for the replacement of maple production equipment, $75,000.

Mr. HATFIELD: Where will this be spent?

Mr. GARDINER: It will be spent in the province of Quebec. We had an agreement with them prior to the war under which we were to spend $300,000 a year, the Quebec government a similar amount, and those who had the equipment undertook to spend a similar amount to change over from the equipment used for making maple sugar and maple syrup. Lead poisoning got into the maple sugar and maple syrup from the equipment which had been used. It had a lead cover on it to prevent rust, and the Americans were refusing to take this product unless we undertook to change the equipment. Accordingly we made this agreement with the Quebec

government, we paying one-third, they paying one-third, and the persons interested, one-third. This year they did not wish to spend the amount that we were providing, and we cut it down to $75,000.

Item agreed to.

Progress reported.

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

Friday, June 6, 1941.

The house met at eleven o'clock.

VICTORY LOAN

OTTAWA TORCH DAY CEREMONY ON PARLIAMENT HILL ON WEDNESDAY, JUNE 11

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Office of the Mayor
Ottawa, Canada
4th June, 1941.

Hon. J. A. Glen,
Speaker of the House of Commons,
Ottawa.

Victory Loan 1941

Dear Mr. Glen:

The torch and scroll being carried by air force bomber from Victoria to Halifax and thence to England to be presented to the Right Hon. Winston Churchill will arrive in Ottawa on the 11th June. The Ottawa torch day ceremony will take place on that day on parliament hill at 5 o'clock.

At the ceremony the Right Hon. W. L. Mackenzie King will be the speaker and arrangements are being made for His Excellency the Governor General, the Right Hon. the Prime Minister, the Leader of the Opposition and myself to sign the scroll.

On behalf of the committee I have the honour to invite you to attend this ceremony. I beg to request also that you will extend an invitation to the members of the House of Commons to be present.

Sincerely yours,
J. E. S. Lewis,
Mayor.

DIVORCE

AMENDMENT OF ACT OF 1930—JURISDICTION OF COURTS IN PROVINCE IN WHICH MARRIED WOMAN RESIDES

Mr. GEORGE BLACK (Yukon) moved for leave to introduce Bill No. 99, to amend the Divorce Jurisdiction Act, 1930.

Motion agreed to and bill read the first time.

THE WAR

PROPOSAL OF ONTARIO PREMIER FOR CONFERENCE OF PROVINCES ON CANADA'S PROBLEMS

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): I desire to ask the Prime Minister whether consideration has been given by the government to the proposal of the Premier of Ontario as announced in the press, that the Prime Minister call the premiers and representatives of the provinces to a conference devoted exclusively to an open and impartial discussion of the problems to be solved in order to ensure the maximum war effort. If so, has any decision been reached? It will be recalled that I myself this week expressed approval of a conference being called with respect to the fifteen per cent tax on interest on provincial government issues. The present proposal, as I understand it, covers a much wider field.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may say to my hon. friend the leader of the opposition that I received the telegram to which he has referred only after six o'clock last night. It has not been possible to meet with my colleagues in cabinet council since its receipt, therefore the telegram has not thus far been considered.

LABOUR CONDITIONS—STRIKES IN DAVENPORT CONSTITUENCY

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): The press yesterday and again to-day refers to certain strikes in several large plants in the riding I have the honour to represent. Each of those plants is engaged in the manufacture of munitions of war. I know many of the men who are probably now on strike. They are all British, and I know they would not willingly be on strike; they would prefer to be at their jobs. I also know many of those connected with the management. I am convinced that the Minister of Labour has the matter in hand and is just as anxious as each and all of us to have the strikes settled amicably. I should be pleased if he would give us a statement as to the progress of settlement.

Hon. N. A. McLARTY (Minister of Labour): I was advised this morning that a delegation has arrived here for the purpose of interviewing me in connection with the matter which the hon. member for Davenport mentions. I think it would be well to delay any statement until after I have heard the representations which the delegation have to make. I can assure him that I am as anxious as he is that strikes should not continue.

MUNITIONS AND SUPPLY

NATURAL GAS IN WESTERN ONTARIO—QUESTION AS TO POSSIBLE INCREASE IN PRICE

On the orders of the day:

Mr. KARL K. HOMUTH (Waterloo South): I should like to direct a question to the Minister of Munitions and Supply with regard to a report that appeared in the Brantford *Expositor* and the Galt *Reporter* as to the natural gas situation in western Ontario. The report refers to a meeting of representatives from municipal councils in the area in western Ontario, which is supplied with natural gas, held in Toronto in the office of the commissioner of natural gas, with the acting commissioner, Mr. A. R. Crozier, presiding. Referring to a proposal of the Dominion Natural Gas company to construct a plant at Brantford to manufacture artificial gas from propane to supplement the supply of natural gas, the report says:

> The power controller has issued an order that there shall be no profits on the sale of gas manufactured from propane. The company will absorb twenty per cent of the cost of this plant and be permitted to charge depreciation and replacement cost on the basis of eighty per cent depreciation over a period of seven years. Under this arrangement it is estimated that the additional cost on all gas used by the consumer will be approximately five per cent or four to five cents per thousand cubic feet.

There is a general feeling throughout western Ontario that the threatened increase in the price is unwarranted. If the minister would read the report and give the house a statement on it next week, it would assure the people that the power controller is going to protect the interests of the consumers in western Ontario. I realize that the minister cannot give an answer to-day.

Hon. C. D. HOWE (Minister of Munitions and Supply): I shall be glad to look into the matter.

Mr. N. J. M. LOCKHART (Lincoln): May I associate myself with what was said by the hon. member for Waterloo South (Mr. Homuth) and ask the Minister of Munitions and Supply to be good enough to make his statement sufficiently comprehensive to cover the whole Niagara peninsula. They are very much concerned about the same matter.

Mr. HOWE: May I point out that the federal government is not the governing body charged with the distribution and price regulation of gas. It is entirely a provincial matter. The federal government has interested itself in supplementing the supply of gas. We have no power of regulating gas—

certainly not in the Department of Munitions and Supply, or, I think, in any other department of government.

Mr. LOCKHART: So long as the situation is clarified, and the public know.

Mr. HOWE: I shall be glad to look into it.

BUSINESS OF THE HOUSE

Mr. A. W. NEILL (Comox-Alberni): May I ask the Prime Minister whether we are to sit to-night and/or to-morrow? If we are to sit to-night, why not to-morrow, and if we are not to sit to-morrow, why sit to-night?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall try to answer my hon. friend as logically as I can. First of all we are sitting in the mornings in order to get through the business of this part of the session as soon as possible. For that reason we are sitting afternoons and evenings as well. Therefore I think it would be well for the house to continue sitting this afternoon and this evening.

In regard to to-morrow, the reason we do not propose to sit this Saturday is that it has been thought by the government, and was so stated in the house some weeks ago, that it would be eminently fitting that the fiftieth anniversary of the death of Sir John A. Macdonald should be made the occasion of a national recognition of the memory of Sir John A. Macdonald. To-day is the fiftieth anniversary of Sir John's death. The special services in commemoration of the anniversary have been arranged to take place at Kingston to-morrow at which the hon. leader of the opposition (Mr. Hanson) and myself, and I hope many of his colleagues and of mine and members of the house generally, will be present. For that reason the house will not be sitting to-morrow.

I do not know whether my hon. friend said anything about Monday, but I think it continues to be the wish of hon. members to conclude as early as possible this part of the session; therefore I would think we should continue sitting on Monday morning, afternoon and night.

WHEAT

REPRESENTATIONS OF SASKATCHEWAN FLOUR MILLERS' ASSOCIATION AS TO GRISTED WHEAT

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I have a question I should like to address to the Minister of Trade and Commerce of which I gave him notice. It arises out of a telegram I have received from the Saskat-

chewan Flour Millers' Association in reference to the wheat policy of the government. The telegram reads as follows:

The wheat policy tabled in the house on Friday by Trade Minister Hon. Mr. MacKinnon compels the farmers gristing their wheat for their own family use to take same out of their wheat quota which will be very small to start with and will not give most of them enough cash to buy the necessities required for their families. If they have to take the wheat from their quota that will cut in further to their small cash allowance if they are allowed to grist their year's supply of flour it will be wonderful help to them as they will get their flour and feed much cheaper than if they had to buy. Most of the small mills are depending mostly on the gristing trade for their business and if the farmers are discouraged in their gristing that means that most of the small mills will have to shut down their plants. We are sorry it has been said that some of the small millers did bootlegging on gristing and flour sales to avoid the processing tax. If the Hon. Mr. MacKinnon will instruct the wheat board to consult with our executive when making their rules and regulations for 41-42 crop we will make watertight suggestions.

D. G. McLean,
Executive Member,
Saskatchewan Flour Millers' Association.

Is the minister prepared to consider the changes suggested by the millers' association, and what assurances will he give in that regard?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The hon. member for Lake Centre gave me ample notice of his intention to ask this question and gave me the opportunity to discuss the matter with my officials who are in Ottawa at the present time.

The quantity of wheat which can be delivered by the producer in the whole of Canada this coming crop year has been limited to 230,000,000 bushels. This figure has been made up of approximately 50,000,000 bushels for human consumption in Canada and approximately 180,000,000 bushels for export. It will be necessary that on any wheat gristed the amount gristed will have to be taken out of the farmers' wheat quota, because to the extent that this was not done, the 50,000,000 bushels for domestic consumption would have to be reduced. In other words all of the wheat gristed for human use is a part of the 50,000,000 bushels, and if it was not deducted from his quota, the producer who had his wheat gristed would have an advantage over those who were not able to have their wheat gristed and would be able to deliver a relatively higher proportion than his neighbouring farmer. There would be discrimination between farmers.

Any amount of wheat gristed in this way would be a deduction from the 50,000,000 bushels and would increase the carryover to the same extent, which is contrary to the intention of the order in council.

I may say that I have arranged this morning with the wheat board to meet with the Saskatchewan Flour Millers' association immediately on their return to the west, when these matters can be discussed. Further consideration is also being given.

EXPORT OF GAME

PROHIBITION OF SHIPMENTS OUT OF PROVINCE WITHOUT PROPER PROVINCIAL AUTHORIZATION —CONCURRENCE IN SENATE AMENDMENTS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of and concurrence in amendments made by the senate to Bill No. 16, to control the export of game.

Motion agreed to; amendments read the second time and concurred in.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of Bill No. 98, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1941, to provide for the refunding of financial obligations and to authorize the guarantee by his majesty of certain securities to be issued by the Canadian National Railway Company.

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

Mr. COLDWELL: We have not the bill. We can hardly consider it without having it. So far as I know it has not yet been distributed.

Mr. ILSLEY: I suppose, Mr. Chairman, it will have to stand. I did not know that it had not been distributed.

Mr. HANSON (York-Sunbury): It can be taken up later.

Mr. ILSLEY: I shall have to take it up later in the day.

Progress reported.

LABOUR DEPARTMENT ACT

AMENDMENT TO PROVIDE FOR THE APPOINTMENT OF AN ASSOCIATE DEPUTY MINISTER

Hon. N. A. McLARTY (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Labour Department Act to provide for the appointment of an associate deputy minister of Labour.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. HANSON (York-Sunbury): I think we should have from the minister a complete statement, although not necessarily a long one, as to the necessity of the appointment of an additional deputy minister. I appreciate the fact that with the increased business and present unsettled state of things another deputy minister may be necessary. I would point out, however, having been around here for twenty years, that if you create a new position like this, carrying with it a substantial salary, the probabilities are that it will be a permanent one. There is never any going back when public offices of the kind are created; it is claimed thereafter as a matter of right. The minister should justify the appointment, and if it is of a temporary nature, it should be so stated. We have had a number of new deputy ministers in the defence portfolio. Of course we agree that they are necessary under the circumstances. But in this case there should be some undertaking on the part of the government that hereafter and for all time to come we are not to be burdened with two deputy ministers of labour.

Mr. McLARTY: The work of the Department of Labour has been very greatly increased in the last two years. In the first place the purpose of this bill—because the present associate deputy minister has been appointed—is to make his appointment permanent rather than temporary.

The work of the department has been greatly expanded in three directions: in the first place, in the wide extension of the Industrial Disputes Investigation Act; in the second place, in the passing of the Unemployment Insurance Act; in the third place, through the war emergency training plan.

The Department of Labour has, I believe, always had a minimum of help for the wide work it has to do. We have appointed as associate deputy minister Mr. MacNamara, former deputy minister of labour and public works in the province of Manitoba. He has been acting since the regrettable death of Doctor Sirois as acting chief commissioner of the Unemployment Insurance Act. The salary which the leader of the opposition refers to as being large is not really large when you consider the administrative ability which the present incumbent as Associate Deputy Minister of Labour has brought to bear in the organization of the Unemployment Insurance Act. It is because of this wide extension of the definite functions of the Department of Labour that the appointment of an associate deputy minister is necessary and desirable. I need hardly say that Mr. MacNamara is carrying on his task in an excellent way and doing splendid work in promoting the early introduction of the Unemployment Insurance Act.

Mr. HANSON (York-Sunbury): What is the salary?

Mr. McLARTY: $9,000. I do not believe it is excessive. In my opinion it is justified by the added responsibilities placed upon the Department of Labour; and may I suggest that there will be even greater responsibilities after the war is over. In view of all these considerations I believe it will be agreed that the appointment of an associate deputy minister is desirable.

Mr. HANSON (York-Sunbury): I agree with what the minister has said respecting the administrative ability of Mr. MacNamara. He is a man who had wide experience in another field when he came here to head the dependents' allowance board. I am satisfied he did excellent work when he was promoted, if that is the proper expression, to the office of acting head of the unemployment insurance commission. I had hoped the minister and the government would see their way clear to appoint him permanently to that position in place of Mr. Sirois. Apparently, however, that is not now the proposal, and the position is to be filled otherwise.

Let us for a moment examine the bases of the minister's proposal. He has given as a first reason the wide extension of the Industrial Disputes Investigation Act. What I believe he meant was the wide extension of the operations of that act, because so far as I know there is to be no wide extension of the principles underlying the act. Certainly it is not indicated in the bill the minister is to bring before the house. I had hoped that the wide extension in the operation of the Industrial Disputes Investigation Act would be purely temporary. It is hoped by everyone that these labour troubles which from day to day have been looming up on the horizon, and growing more extensive, will by the exercise of good-will and judgment, and by conference, be reduced to a minimum. That, I suggest, is a temporary

position only. Surely it is not sufficient reason for appointing a new permanent associate deputy minister, who would be here for all time in that capacity.

The second ground upon which the minister has based the decision to appoint this new officer is the establishment of the Unemployment Insurance Act. The organization operating under that measure will of course be a permanent institution. I should have hoped that in the operation of the act the commission would be the responsible body, and that they could report through ordinary channels, namely, to the deputy minister of labour, and through the deputy minister to the minister and the house. That in itself would not necessitate any great increase in the burden of work devolving upon the Department of Labour. Surely this commission is in large measure to be independent of the Department of Labour. The administrative sections of the act contemplate independence. It is to be a commission, not a bureau of the Department of Labour and, so far as possible, it is to act independently of that department, only reporting through it to the government. So that the second ground upon which the minister justifies the appointment falls down.

His third ground, namely, the setting up of a trade training plan, is in my view the least substantial of all. Surely that is a war measure —at least I so understand it. That is the basis upon which it was introduced and upon which it has been so far operated. It is not contemplated, I hope, that the federal government will permanently go into what is primarily a provincial field, namely that of education. As I understand it, this plan has been adopted on the theory that we have not enough mechanics for our war effort. That is a reasonable view to take, but it is an ephemeral thing; it is not to last forever. I suggest the minister will have to justify the creation of this new position on some higher ground.

What is to be done with the chairmanship of the unemployment insurance commission? Is somebody else to be appointed to do that work? So far as I know Mr. MacNamara is performing very satisfactorily the duties of that office, and unless there is some objection to his appointment as chairman of the commission, he should be confirmed in that position. In my view the minister has not justified the creation of a second deputy minister of labour, who would be a permanent official of the government. If we are to have two deputy ministers, which is to be the senior? Which is to have overriding jurisdiction? Are they to be on equal planes? What is to happen if they disagree? Or is it desired not to appoint Mr. MacNamara to the chairmanship of the unemployment insurance commission, but to obtain his very valuable services in some high executive capacity? Does this resolution contain that principle? At the moment I must conclude the minister has not justified his proposal.

Mr. MacINNIS: There are a few observations which I should like to make on this resolution and also in respect of the other bill on the order paper in the name of the Minister of Labour. Most of what I wish to say I shall reserve until second reading.

Certainly this group will not oppose a resolution which has for its purpose the strengthening of the administration of the Department of Labour. About two months ago I drew the attention of the house to the serious conditions developing in industry throughout the country, and I insisted at that time that something should be done about it. On that occasion the Minister of Labour took exception to my remarks and indicated that everything was quiet on the industrial front. In view of certain actions he has taken in the last few days, and in view of questions which have been asked in the house and reports appearing in the press, I suggest he would have been well advised to accept my opinion and become more active at that time. However, better late than never.

I am always amazed when, on almost every question brought up in the house, the leader of the opposition asks, "Is this just for the duration?" His question seems to me to indicate a lack of understanding of what is happening in the world to-day. When I hear him speak in that way I am reminded of two legendary characters which I liked to read about in my youth. One was in the biblical story of the patriarch Lot. We remember that in the flight from Sodom, at the time of that city's destruction, Lot's wife insisted on looking back, with the result that she was turned into a pillar of salt. Again, I am reminded of Rip Van Winkle, in Washington Irving's classic "Sleepy Hollow," who slept for twenty years. I am convinced, however, that the leader of the opposition reminds me more of Lot's wife, because Rip Van Winkle did eventually wake up.

There are certain developments taking place to-day which we cannot ignore even if we would. We cannot ignore the fact that we have fewer and larger industries in this country under the control of fewer people and employing a greater number of wage-earners. This creates an industrial problem which the government will have to prepare to meet in the same way as it has organized to meet its foreign problem, its trade and commerce problem, and in fact its war prob-

lem or any other problems that may confront us. Unless we can find some way to turn the clock back to the primitive production which existed in this country in 1867, the Department of Labour will have to be strengthened. Its administrative functions will increase to meet increasing demands, and wisdom would indicate that we should organize to meet these increased demands.

I am pleased that the minister has taken this step at this time. While we may have some detailed criticism to make later, we are not opposing the measure; in fact we approve this resolution.

Mr. HANSON (York-Sunbury): I am quite opposed to the suggestion attributed to me by the hon. gentleman who has just spoken. The Department of Labour should be strengthened, but it should not be made top-heavy. What is the position to-day? We have the minister with a salary of $10,000; up to this year we had a deputy minister with a salary of $8,000, and we had an assistant with a salary of $5,220. That was the set-up until Mr. Stewart was introduced as deputy minister. My understanding is that he is a high-class man who came into the department, perhaps against his will, and insisted upon a salary of $10,000.

An hon. MEMBER: At some sacrifice.

Mr. HANSON (York-Sunbury): At some sacrifice, I believe. It is not known definitely whether he will make this his permanent vocation. That made a total of $23,220 for the three executive heads. But what have we to-day? We have the minister at $10,000, the deputy minister at $10,000, an associate deputy minister at $9,000, an assistant deputy minister at $5,220, and an executive assistant to the minister, whatever that may be, at $4,200. The total salary cost is $38,420, as opposed to the previous establishment which cost $23,220.

I want to elucidate these facts for the benefit of the taxpayers. Here is a non-war portfolio, which may be associated with the war effort along certain lines. It is agreed that there are temporary added responsibilities, but after this war is over, unless somebody gives consideration to this position, we will have for all time executives at the head of the Department of Labour costing $38,000. In addition a man is to be appointed to head the unemployment insurance commission at a salary of $12,000. I am calling attention to what has taken place in order that the people of Canada may know. We are being asked to tighten our belts, to give and lend to the government, and at the same time we are running away with executive expenditures.

[Mr. MacInnis.]

That is all I have to say about this matter. I cannot stop it, because the appointment is an accomplished fact. This appointee is already in the department, and, as the minister has said, this is simply to legalize what has been done already by executive action. I think the appointment is a good one; this gentleman will do excellent work, but let us understand the proposal and what it means. Hereafter the Department of Labour is to have five executive heads instead of three.

Mr. McIVOR: It is difficult to come to one's feet after the leader of the opposition has spoken, but I cannot but think of the Department of Labour to-day and the Department of Labour when the present Prime Minister was its deputy minister. I cannot but think of the Department of Labour under the late Hon. Norman Rogers. I have been surprised that another deputy minister has not been appointed before this. I ask the leader of the opposition how much the Department of National Defence is costing to-day as compared with what it cost before the war. I am one of those who take the stand that this government must wake up. It must keep alive the work that was started by the late Hon. Norman Rogers, something which I think the Minister of Labour is doing. The appointment of an associate deputy minister is long overdue, but I suggest that this deputy minister be a man who understands labour, who has come up from the ranks of labour and knows what a hard day's work at no great pay feels like. I think of the time I spent helping the late Hon. Norman Rogers with the youth training work. I could see then the magnitude of the task. This is one side of labour to which a man could devote his whole time. This type of work may not be needed to-day as much as it was during the years of the depression, and as it will be after the war, but it is still important. I hope to see the dominion government take over the whole problem of relief. If that is done, the work of this department will be increased and additional experts will be needed.

I repeat that this deputy minister should know labour. While the heads of our government departments may know something about these matters, I am afraid the public at large do not appreciate the problems of labour. If labour is happy, the country will be happy. I do not agree with the leader of the opposition when he says that there will be a great depression after this war. I believe that if this country can raise $5,000,000 a day for war, we can raise enough to cure unemployment and develop our resources. If the Department of Labour can lead in this endeavour, then we say, "Go to it and we will give you our support."

Mr. POULIOT: Mention has been made of a salary of $12,000 per annum, but I would direct attention to resolution No. 12 which stands on the order paper in my name, and which suggests that for the duration of the war any government salary which exceeds $10,000 should be reduced to one dollar per annum plus $10 per day for living expenses. The suggestion is made to appoint an associate deputy minister of labour. In the Department of Labour as at present constituted there are three competent persons, the minister, his private secretary and the young lady who works in his office—the rest is nil. It is pitiful, and I mentioned this to the late Hon. Norman Rogers when he was alive. I am not discussing the excellent work done by my chief when he was deputy minister of labour and minister of labour. But he ceased to be Minister of Labour in 1911, and since then there have been many other ministers of labour whom I do not discuss. Some have been good, some bad, and some have been nonentities. The present minister is a good one. But I am strongly opposed to any salary in excess of $10,000 being paid. I think that that amount is enough, and when one man in the department receives $10,000 I do not see why another one should be paid as much as that. I think it is a scandal to appoint a man at over $10,000. There is not a man who is worth more than that in these hard times—unless he strikes a gold mine.

The suggestion has been made to take someone from the ranks of labour for this position. The suggestion has come from our reverend and very dear colleague from Fort William (Mr. McIvor), who is perhaps one of the most popular members of the House of Commons. My experience with labour is that there are two kinds of labour men, those who work and those who do not.

Mr. McIVOR: Like members of parliament.

Mr. POULIOT: Exactly, but that is true of very walk of life. Those who call themselves labour are those who do nothing and receive big salaries, and who are not working for labour men—they are company men. I have demonstrated that very often in this house, and I warn the minister against the appointment of any impostor of the kind, any lobbyist who calls himself labour to get a fat job and a salary ten times what he could earn with his own hands. Some people are under the impression that if we have no strikes in this country it is due to one man alone, a man you must see eating if you want to see him at work because that is the only work he does, with a knife and fork and spoon. There was a rumour at one time that he was to be put on the purchasing board. I asked the minister for air and the minister for health, is this man going to be on the board? They looked embarrassed, and I knew then that it was only a rumour and that this man had not been asked. He has been mentioned as a possibility as minister, and here again when I occupied the seat in this chamber in which the Minister of Labour now sits I warned the government against his appointment, at the same time acknowledging that the Prime Minister had the right to choose anyone he liked, but stating that I could not support as one of my chiefs a man like that. He was not appointed. My friend who was the Postmaster General was appointed in his stead.

I am after this man because I think he is a fake, that he has betrayed labour, that he is an impostor, that he is a "Purvis" man in labour. Everybody knows him. I strongly object to his appointment. He has betrayed labour. He is only a lobbyist, an intriguer of the worst type.

Mr. HOMUTH: May we know to whom the hon. member is referring?

Mr. POULIOT: If my hon. friend does not know he is not well informed.

Mr. HOMUTH: I do not know.

Mr. POULIOT: If my hon. friend listened to my speeches he would know. If instead of making a noise when I speak he would listen to what I say he would be better informed.

Here we are, $12,000 for that man. It is a scandal. I denounce it because the man is an impostor, because the man calls himself labour when he has no right to call himself labour, when he has cost the country thousands and thousands, scores of thousands of dollars, to travel to places like Geneva where he has done nothing. He did not say anything, no more than a fish could say in water. He had nothing to say, and here is the man who represents labour. If I were a labour man I would be ashamed to be represented by an impostor of that kind—and when a man is successful enough to reach his post through intrigue he must be exposed as is and must be hanged on the next post. What I say I know. I warn the house about him all the time, but it is of no use. I remember that one of the members of the Cooperative Commonwealth Federation party who holds a big job in that department got it through him because every time I denounced that impostor he was defended by that Cooperative Commonwealth Federation member in the house, and that man

rewarded the member by getting him a fat job. Everybody knows he is an impostor as I have described.

I do not want to say any more because then he would pose as a martyr. He will say I am crucifying a labour man, that I have no respect for labour. I know the labour men perhaps as well as any man in this house, if not better, and labour men are not afraid to speak to me or to come to me and ask me to defend their rights. When I have a big fat obstacle of the kind in my way I want to get rid of it, and I do the same as a man would who is driving along the road and sees a dead log blocking his path. He takes it away and throws it in the ditch so that he can proceed.

These are my humble views, and I warn the Minister of Labour, who is my friend, and tell him that if this appointment is made—he knows my reasons—it will be a bad appointment, and he will have to establish a cafeteria next to the man's office—

Mr. McLARTY: I do not wish to interrupt the hon. member, Mr. Chairman, but I must say that I do not think he is referring to the associate deputy minister of labour. I am not sure whom he is referring to and I wonder if he would make that clear.

Mr. POULIOT: The best way to conclude is to tell the minister immediately whom I have in view and then he will know if my remarks apply to that man. I do not want the labour men of this country to be betrayed. I want them to be defended by someone who is true to them and who has not changed his mind to get a big salary.

Mr. COLDWELL: Mr. Chairman, I always listen with a great deal of interest to what the hon. member for Témiscouata (Mr. Pouliot) says, but this morning we have listened to a speech made in a very general way about an unnamed person. In my opinion if an attack is going to be made on an individual connected with any labour organization, it should be made on a particular individual and reasons should be advanced for the attack. I think I know perfectly well the gentleman to whom the hon. member intended to refer.

Mr. HANSON (York-Sunbury): Who is he?

Mr. COLDWELL: I want simply to say this, that the man who has been attacked without being named is one who has held for a number of years the highest office in the larger of our two national labour organizations. I refer to Mr. Tom Moore. I would say this, that a man who has held the trust of such a large section of organized labour cannot by any stretch of the imagination be an impostor of the type the hon. member for Témiscouata would have us believe he is.

The CHAIRMAN: I should like to point out that I thought the hon. member for Témiscouata would come to naming the man to whom he was referring. The Minister of Labour, when discussing this position, stated that the man intended for it was Mr. MacNamara, at present acting chairman of the unemployment insurance commission. Therefore I think it would be quite improper and out of order to continue the discussion on the merits or demerits of a man who had not been named for the position. I would have stopped the hon. member for Témiscouata had I not thought that he would name the man, because the committee must realize that there can be no discussion about some one who is not named.

Mr. COLDWELL: I bow to your ruling, Mr. Chairman, but I do not think it is the right or the privilege of any member to make an assumption and arrive at a conclusion as to what the minister intends to do, nor do I believe it is the prerogative of any member to throw down the gage of battle with a minister of the crown and to tell him that if he does certain things, then something unpleasant may happen either here or elsewhere. It was with that thought in mind that I rose. I am quite sure that in these difficult times when the Minister of Labour makes an appointment, no matter who the appointee may be, he will choose some one who will have the confidence of organized labour, in spite of anything that any member of this house may think privately of the person so appointed. I have no doubt that when he appoints an assistant deputy minister of labour he will look round the country and choose someone who is known to have the confidence of organized labour. Every member of this house, I believe, was aware of the identity of the gentleman at whom the remarks were directed, because he has been named by the member for Témiscouata before. I felt I could not allow this occasion to pass without expressing the opinion that the attack was most unfair and unjustified.

Mr. POULIOT: One word on a question of principle. I find the doctrine expressed by the hon. member for Rosetown-Biggar absurd. A member of parliament has the right not only to criticize what the government has done, but to give warning, and my hon. friend knows that. If he who is an advocate of free speech says that I cannot give a warning to the minister just to help him, perhaps he would

like the minister to make a bad appointment so as to have other opportunities to criticize him afterwards. I give the minister an opportunity to think before something is done, and I express my views and tell the government what I think. I have a right to do so and the member for Rosetown-Biggar will not deny it.

Mr. COLDWELL: I don't.

Mr. POULIOT: That is all I want. If the minister mentioned Mr. MacNamara, I did not have him in view in what I said.

Mr. GILLIS: The hon. member for Vancouver East (Mr. MacInnis), in the few remarks he made, stated the position of this group. I am not going to say anything with regard to the remarks of the member for Témiscouata (Mr. Pouliot). I know not to whom he refers, but I do think it is absolutely unfair to make insinuations and to accuse someone in a general way, which might very well be construed as meaning someone connected with the labour movement. I feel as the hon. member for Rosetown-Biggar does. If a man is to be attacked he should be named, the charge made, and the cards laid on the table face up, so that he may be in a position to defend himself. That is all I have to say in that regard.

I am concerned about the attitude of the leader of the opposition. He classifies the Department of Labour as a non-war department. I have exactly the opposite view. I believe that many of the troubles we are confronted with to-day in regard to strikes, and all the general confusion resulting, are due to the fact that the Department of Labour, constituted as it is, is totally inadequate to handle a situation which it was not organized to deal with on a peace-time basis. It is the most essential war department in the government. I am altogether in accord with the steps taken by the minister to strengthen the department. The discussion with regard to salaries and such matters might very well be dispensed with at this time. Certainly it is not good war propaganda to have members stand up and talk about salaries of $10,000 and $20,000, when we realize that perhaps 95 per cent of the men we are calling to take up a gun and defend the country might compare income tax brackets. This sort of thing is all bad propaganda and should be discontinued. I am saying nothing about salaries. I have always been of the opinion that they are absolutely out of proportion to the earnings or wages of the people who, when all is said, produce the wealth of the country.

I think our whole set-up of war departments has been handled in the wrong way. In the first place, the hon. member objects to an additional deputy minister in the Department of Labour where the work has increased a hundredfold since the outbreak of war. He fails to realize that the country has been transformed and is now on a war-time basis. The department must therefore be prepared to meet the crisis. We have established additional branches in the Department of National Defence. For instance, we have the ministry for naval services. That is not necessary in peace time but it is indispensable to-day. We have a ministry for air, with a personnel scattered across the country. All this involves expenditures, but these branches are absolutely necessary.

The Department of Labour is the most important war department of the government, because it deals exclusively with the men and women necessary to produce the sinews of war. The army and the navy are worth nothing unless our industries are so organized and planned that they will turn out the necessary machinery for these forces to enable them to fight the battle we are engaged in. In the organization of some 35 or 40 boards the personnel in each case has been drawn from one class. These people have but one outlook, and the point of view of labour is given no consideration in any of the organizations that function behind the government in organizing the war effort. The result is that the whole establishment is influenced by a single point of view. This has its repercussions throughout the country in the turmoil and unrest we are having. The Minister of Labour would do well to bring into the department men who have knowledge of both sides of the picture. men who are qualified to sit in, and whose advice would tend to alleviate some of the disturbance we have to-day simply because of the fact that only one point of view prevails.

I am absolutely in agreement with what the minister is doing. I have no jurisdiction over salaries and I am not going to talk about them. That is a departmental matter, and if the government think it good business I recognize my limitations. I think we on this side of the house should withhold any statements in the house which might have a reaction outside that would not be in the best interests of the country.

As the hon. member for Vancouver East stated, later we may have something more to say with respect to matters concerning the Department of Labour. But that is my feeling at the present time. We have to have both points of view represented on the inside in all these matters, because I regard the Department of Labour as the most important war organization we have. I sympathize with the

minister in respect of the many problems with which he has to deal; they have increased from day to day. It should be our duty to assist him to strengthen the department in every way possible, and I am prepared to do that.

Mr. O'NEILL: This debate has taken a rather wide range; we have been discussing salaries and more or less personalities. As a labour man I have never been one to question salaries, but it seems to me that there could be a redistribution of the amount of money that is paid in any one department. If it is not possible to raise the salaries of those who are getting less than a living wage without taking something off the $10,000 man, then probably something of the kind should be done. That, however, is not what I wish to discuss at present.

It seems to me that this measure for the appointment of an additional deputy minister in the Department of Labour is looked upon by some hon. members from the point of view that it should be a war time measure only. The Department of Agriculture is probably the most important department in the government and I think next in importance is the Department of Labour. I am entirely in agreement with this resolution. It is my view that an associate deputy minister of labour should be appointed and that he should be retained after the war, because then we shall have problems arising in the labour world that will require a great deal of attention, and these men should be in the department now making provision to meet the troubles that will come upon us when the war is over.

Another thing that perhaps has not been given the consideration by the government that it should have is with respect to the appointment of the men to fill these positions. If the government wish to use the democratic method in appointing men to positions in the Department of Labour—and take note that I do not wish to be misconstrued as having anything against Mr. MacNamara; I have nothing whatsoever against him—it should have in mind the fact that a deputy minister or associate deputy minister of labour should have the respect and confidence of labour. We have labour organizations in this country. We have the standard labour organizations on the railways, about eighteen of them holding contracts with the railways. We have the trades and labour congress, the Canadian congress of labour, the Canadian federation of labour, the Catholic workers of Quebec, and so on. All these labour organizations have their heads. If it is desired to have a man who has the respect and confidence of labour, beyond any question or doubt it should be left to the heads of these labour organizations to suggest to the government who in their opinion would be the right man to fill the position. If a system such as this were adopted I believe you would not have the trouble you are having with labour to-day. It is impossible for a man who has not had actual connection with labour to understand the problems of labour. If you have such men in the Department of Labour to advise the department you will have much less trouble than you are having at present.

I am, as I say, in complete agreement with this resolution, and I wish it distinctly understood that I am not saying anything whatsoever against Mr. MacNamara. He is probably as good a man as could be chosen by the department for the position, unless the system were adopted of having the labour men themselves suggest to the government the man to fill the position.

Mr. McLARTY: I do not intend to deal fully with all the remarks that have been made, because there has been unanimity as to the qualifications of the appointee as associate deputy minister of labour. I understand that the remarks of the hon. member for Témiscouata (Mr. Pouliot) did not apply to the proposed appointee. I refuse to speculate as to the person against whom he was directing his remarks—

Mr. HOMUTH: It was perfectly obvious.

Mr. McLARTY: —but I would say that since I have been Minister of Labour I have received excellent cooperation from every head of every major labour organization in Canada. I do not propose to go farther than that.

I appreciate the remarks of the hon. member for Vancouver East (Mr. MacInnis) and the hon. member for Cape Breton South (Mr. Gillis) as to the necessity of strengthening the Department of Labour. The leader of the opposition (Mr. Hanson) was kind enough to suggest that he had nothing against the individual appointee, but he thought we were unnecessarily increasing the expenditure in this appointment. I suppose everything is relative, and from my observation I believe it to be true that the Department of Labour has for some considerable time been understaffed and undermanned. Irrespective of the additional work involved in connection with unemployment insurance—the leader of the opposition suggests that that is the duty of a commission, but still the department will have some functions—irrespective of war emergency training; irrespective of the fact that during the war we are carrying the

additional burden of these boards that we are appointing under the Industrial Disputes Investigation Act, I believe the appointment can be justified outside of the particular war measures. But we are at war.

In connection with the permanency of the appointment something was said about salary. I believe we were peculiarly fortunate in obtaining the services of Doctor Stewart as deputy minister of labour. He has had wide experience. Let me tell the committee something. The salary he is accepting now—and there is no permanency about it; he took it because Canada is at war—the salary he is receiving, with the tax he is paying on it, is only half of the salary he ordinarily receives. In other words it is not a great and generous emolument, but he is doing this work because he is a Canadian and wants to help this country in time of war. I pay that tribute to him.

What will happen after the war is another matter. But certainly I think no member of this committee would suggest that we are not going to have any labour problems after the war. I believe that in the appointment of Mr. MacNamara as associate deputy minister we are making an appointment that will be for the general benefit of this country. I might go farther; but I believe that the appointment is sound. It is made for the reason that I suggested, so that the appointment may be permanent; and I wish to express appreciation in this committee for the almost unanimous support which it has received.

Mr. HANSELL: I do not think that there will be any opposition to this resolution on the part of the group with which I am associated. As the leader of the opposition (Mr. Hanson) has said, it involves some additional burden upon the taxpayer to foot the bill for highly paid executives. On the other hand, living in such times as these, with the problems faced by a nation fighting in this tremendous war, the function of labour is exceedingly important. While I do not know the specific duties assigned to this new appointment, I will say that if the department can keep labour and management functioning smoothly, the money will be well spent. If there is anything we do not want to happen, it is any retardation of our industrial war effort, the responsibility for which comes upon labour and management alike.

During the course of the debate the post-war effect has been brought into the discussion. Personally I deplore the mention of such things as relief after the war is over. The hon. member for Fort William (Mr. McIvor) referred to the tremendous burden upon the Department of Labour under the predecessor of the present minister, in connection with the administration of relief, and its activities in the matter of youth training. Let us so manage the affairs of this country now that when the war is over, management and labour will work together to bring about a better country, a more populous country, a country industrialized not only in one part but throughout. Let us not wait until after the war before we do this, because if we have to go through ten years of post-war depression we shall be headed for another war worse than the present one. Let us look forward to a great and glorious Canada after this war has been won.

Resolution reported, read the second time and concurred in. Mr. McLarty thereupon moved for leave to introduce Bill No. 100, to amend the Labour Department Act.

Motion agreed to and bill read the first time.

INDUSTRIAL DISPUTES

AMENDMENT TO PROVIDE THAT MEMBERS OF CONCILIATION BOARDS SHALL NOT HAVE PECUNIARY OR OTHER INTEREST

Hon. N. A. McLARTY (Minister of Labour) moved the second reading of Bill No. 96, to amend the Industrial Disputes Investigation Act.

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

On section 1—Members not to have pecuniary or other interest.

Mr. HANSON (York-Sunbury): The bill at present before the committee is confined to one principle. The present law reads that—

> No person shall act as a member of a board who has any pecuniary interest in the issue of a dispute referred to such board.

I do not know how the department interpreted the section as it now stands, but it would, I assume—and it should, I think—debar any party in interest from becoming a member of a board. The suggestion in that regard is to change the law from what I have read to this, that:

> No person shall act as a member of a board who has any pecuniary interest, direct or otherwise,—

Which would make it more exclusive.

> —in the issue of a dispute referred to such board.

The scope of the prohibition is intended, I think, to be practically all-exclusive. But it goes further and definitely bars anyone who—

> —has so acted within a period of six months preceding the date of the application for a

board in the capacity of solicitor, legal adviser, counsel or paid agent of either of the parties to the dispute.

If I apprehend aright the minister's proposal in this regard, it is this. The theory of the Industrial Disputes Investigation Act is based on the principle of conciliation, which, of course, is very proper. If, as has frequently happened in cases of boards of arbitration, with which I am quite familiar, the interested parties name representatives who in turn agree on an umpire or referee, those interested parties are by the very nature of their employment advocates of the particular interest which has appointed them. The judicial aspect is very largely lost sight of. I have not had very much experience with conciliation boards, but on one occasion a good many years ago I did act on a board as a representative of one of the interested parties. I was counsel to the party, at the same time. I soon found my position to be almost impossible, because I had to choose between taking dictation from my client, on the one hand, and endeavouring to act independently, and thereby losing my client, on the other. I had to have the thing out, there and then, and assert the principle that a member of a conciliation board was acting in a judicial capacity, and not as an advocate. Therefore I am in accord with the principle that members of the boards of conciliation under the Industrial Disputes Investigation Act should be in the position of judicial officers, acting independently, with a primary objective of conciliation, and not of acting as advocates.

I should like to hear anyone who holds a contrary view discuss the other side of the argument, if there be another side. I do not believe this measure is aimed at any particular individual. I have no knowledge of anything of the sort, but I do suggest that the extension of the original principle, namely, that a member of a conciliation board should not be a party either directly or indirectly interested in the result, is a sound one. Whether or not the language of the proposed section is sufficient, I cannot at the moment say. I have not had time to study the drafting of it, but with the underlying principle I can agree. I would commend the minister upon the proposal. It may be that we can improve upon the suggestion made.

Mr. MacNICOL: I shall not make comment on the legal side of the question, or that part of the measure which refers to legal advisers, counsel or paid agents. But I am wondering who is going to represent the strikers in the event of a dispute. For instance, we will suppose that the steamfitters' union in a city are called out on strike. They do not go out unless they are advised by their representatives that they have ample reasons for striking. It may be that they have not come to an agreement with their employers. In my time I have seen quite a number of steamfitters' strikes, because steamfitters' associations were associated with the line of business in which I was engaged. The same would apply to plumbers; I have seen a number of plumbers' strikes, and strikes of machinists. With them, too, I was directly associated. The same observation would apply to moulders; with them, too, I was associated. In fact, in my early days I was engaged in these lines of trade, therefore I have before me the point of view of the worker. On the other hand, I am not opposed to the industrialist, because in due course I became an executive of a large industrial corporation.

I do not believe that the worker goes on strike unless he feels he has some reason for so doing. Conciliation is by far the best course to follow. There should be give and and take on both sides. In the event of a dispute between a machinists' union, or unions of plumbers, moulders or steamfitters, and their employers, and in the further event of the setting up of a board to settle the dispute, I am wondering if paid representatives of the workers would be barred from presenting their case. Who will present the case for them? Certainly the men themselves would be best qualified through their agents to state what their troubles are. Do I understand that under the bill the agent of a steamfitters' union, a machinists' union or a moulders' union, because he is a paid agent of such union, is barred from appearing before the board?

Mr. McLARTY: No.

Mr. MacNICOL: If so, who will present the case for the workers?

Mr. McLARTY: The hon. member for Davenport has mentioned cases where men may be out on strike. If they are doing war work, and go out on strike before a board is appointed, they are striking illegally. But the provisions of this amendment do not apply to those who will present the case. As the leader of the opposition has pointed out, this is designed against anyone sitting on the board who may be partially inclined. In other words, the agent of the steamfitters' union or any other union may present his case to the board. The only limitation prescribed in the amendment is that, if they are paid agents, they shall not sit on the board.

Mr. GILLIS: The bill presented by the minister, as I read it, seeks to bring about

impartiality in the men comprising the personnel of a board. Reading the bill, however, as it is now worded, I take the view which has been indicated by the hon. member for Davenport (Mr. MacNicol). I do not know where the minister would find men of that mind. In fact, I view this bill in very much the same light as I viewed a story I heard which concerned two Irishmen who were discussing the question of neutrality. The first Irishman wanted to know where his friend, from the south, stood in reference to the war. "Well," was the reply, "I am neutral." "Yes," said the first Irishman, "I can well understand that you are neutral, but who are you neutral for?" That is just about the situation we would have if this bill were passed in its present form.

In my view this is not the proper approach to the problem. Many other things are necessary to clarify the present situation so far as labour is concerned. This measure would apply to men who are handling cases for labour before conciliation boards. Officials of unions are not allowed to sit on boards, nor are the paid agents of the operators. There are a few lawyers in Canada who have specialized in labour legislation and who, in connection with labour disputes, have made themselves the servants of labour. If this bill were to pass in its present form it would mean that labour's side of the case would not be represented on boards. Only a few of the men to whom I have referred have specialized in labour law. If this bill goes through practically everyone who is connected with labour or who has made a specialty of labour problems will be excluded. You will have full representation of the management and you will have a board with that point of view. You will not have an impartial board, or one that will take an unbiased view of the problems with which the department may be faced. The Department of Labour must recognize the problems that it has to contend with, and an attempt must be made to cure them. There is no use trying to treat the effect; you must treat the cause if you are to have any satisfactory adjustment of the labour situation in Canada at the present time.

I have been connected with organized labour for the past thirty years. I have seen these disputes developing and I have seen partial cures effected. I feel quite sure that the solution to this problem lies in organization. Giving the workers the right to organize is the key to the whole situation. Where the workers are organized in an industry, committees are appointed which meet with the management; collective agreements are signed which set out wages and working conditions; the operators meet with the men and understand their problems, while the men gain a fairly good idea of the problems faced by the management. It is often found that disputes arise where the workers are unorganized. The government should live up to its own regulations and attempt to allay the unrest which is developing. I do not care what the personnel of this board is to be, it will not be able to cure this situation.

We are supposed to be fighting a war for democracy, a war to overcome Hitler. Spokesmen for the government have emphasized the fact that Hitler destroyed the trade unions of that country and therefore the workers of this country should be ready to give their all for victory. With that we agree wholeheartedly. I think Sir Walter Citrine expressed this very well. His remarks are quoted in the *Canadian Congress Journal* of December 1940. Here is what he said:

> Trade unionism is both a cause and a product of democracy. It can only function in an atmosphere of free expression. It cannot function in cellars or behind closed doors. It must impress the public mind, and it must be given facilities to do that. Trade unionism basically is the assertion of the rights of the common man, of the principle that it is not ordained by God that any community should be ruled by aristocracies, whether those aristocracies are of birth or wealth. In pursuit of that principle of voluntary organization, you will find that organizations and groups of people have developed in every corner of the land, meeting to promote some laudable purpose.

That statement is followed up in the January 1941 issue.

The CHAIRMAN: I cannot see any connection between the bill before the committee and what the hon. gentleman is now reading.

Mr. GILLIS: The Department of Labour is seeking to establish a board consisting of certain men who will attempt to settle these disputes, and I am endeavouring to show that the approach to this problem is not the proper one, that the matter should be handled in another way. I believe the minister has only good intentions, but I feel sure that this bill will make a condition that is already bad, much worse. The minister would be well advised to withdraw the bill and give the whole matter further consideration. The proper approach to the problem is by way of consultation with the men.

The CHAIRMAN: The rules state that in committee hon. members must confine themselves strictly to the matter before the committee. The object of the section now before us is to assure the independence of the men to be appointed on the board, and it is to that point only that hon. members should address their remarks.

Mr. GILLIS: You are quite right, Mr. Chairman, but I am endeavouring to show—

The CHAIRMAN: If the hon. member does not think the bill goes far enough, his remedy is by way of amendment that would cover what he has in mind, and of any such amendment he would have to give notice.

Mr. HANSON (York-Sunbury): His remarks would be quite in order on the second reading.

The CHAIRMAN: As the leader of the opposition points out, it would be quite in order on the second reading.

Mr. COLDWELL: Or on the third reading.

Mr. GILLIS: I could have concluded in ten or fifteen minutes and saved considerable time. If I am to be restricted at the present time I shall reserve my remarks until another stage.

Mr. HANSON (York-Sunbury): I am sure that if the hon. member had understood his rights he would have made his speech on the second reading. That stage has passed, and as he has partly completed his remarks, I think we could agree to allow him to proceed and say now what he would have said on second reading. I am interested because I want to hear his development of the point of view he is now expressing.

Mr. McLARTY: I think we should agree to allow the hon. member to proceed. His remarks are quite constructive, and I have no objection to his proceeding.

Mr. COLDWELL: The manner of making this presentation was decided upon by the hon. member in order to facilitate matters. It was thought it would be better for him to say this in committee rather than on second or third reading.

The CHAIRMAN: The committee has the power to suspend the rule. I am in the hands of the committee. But before that is done I would point out that we should not be doing it in one case and not in another. a precedent will be established. As I say, I am in the hands of the committee and it will be quite in order for the committee to suspend the rule by unanimous consent.

Mr. McLARTY: I think unanimous consent should be given. There is nothing in this discussion that is at all acrimonious. The hon. member is trying to be helpful. While I appreciate the fact that a precedent may be established, if this course is taken by unanimous consent I do not think the precedent will be unduly embarrassing. I would so move.

[The Chairman.]

Mr. BLACKMORE: I think the hon. member ought to be allowed to proceed. He is giving a very constructive talk.

The CHAIRMAN: Mr. McLarty moves that the rule be suspended and that the hon. gentlemen have leave to speak to the point.

Mr. MacINNIS: While in a sense I have no objection to the suspension of the rule, its suspension might be unduly restricted. It might be suspended to allow the hon. member for Cape Breton South (Mr. Gillis) to speak, and that might be the end of it, with objection raised by the chair to other hon. members being allowed to speak. Under the circumstances, since we have allowed the second reading to pass without saying what we wanted to say, I think we shall have to leave it now until the third reading.

Mr. MacNICOL: May I ask if the bill prohibits any counsel or agent being appointed to a board who in the previous six months represented any association or industry which was one of the parties in a dispute? All the unions have paid agents who are most familiar with their particular problems, but as I understand this amendment the paid agents of the unions, men who have been chosen by the unions for their ability to present their case, will be barred from appointment to the board if they have so acted within a period of six months preceding. The same applies to counsel. I know different counsel who are thoroughly familiar with disputes of this kind, and under this amendment they will be barred if within the six months preceding they have appeared in the capacity of counsel for either of the parties to the dispute. I know a prominent counsel for labour, Mr. Bernard Rose, K.C., of Montreal, perhaps one of the best posted on labour disputes of any counsel I know, and if he has acted for any labour organization during the preceding six months he could not be named to the board. I mention his name only as one I know of; there may be many others. What I say would apply to all counsel who in the preceding six months had presented to a board the case of some union or industry for which he acted. Under this provision I am afraid that quite a large number of counsel and a number of paid union agents will be barred from appointment to a board. Yet the minister, I know, wants to have on these boards the most capable men he can find.

Mr. McLARTY: I think perhaps the hon. member for Davenport is not making the distinction that applies, at least in my own mind, in this case. He mentions the name of Mr. Bernard Rose of Montreal, a very estimable man, by way of example. There is no reason

why he cannot present a case before a board, and probably, because of his particular qualifications, why he should not sit on a board. Anyone can present a case subject to section 42 of the act. The original intent of the act was to devoid it, so far as possible, of all legal technicalities. Counsel would appear only in the event of unanimous consent on the part of the board. The legal restriction which this amendment imposes is not on the presentation of a particular case by labour on the one hand or by industry on the other. It is merely a question of who shall constitute the board, and, as the leader of the opposition has suggested, the whole purpose is to secure a board in which there will not be advocates of one side and advocates of another. The reason for that I think is obvious.

Incidentally this proposed legislation has secured the approval of the national labour supply council, on which both labour and industry are represented. The purpose of the amendment is to secure so far as possible more unanimous reports from a board. It was pointed out to me that in one case one of the members of the board prepared the brief for one of the parties appearing before it, and if you get that definite advocacy it is pretty nearly impossible to get a unanimous report. It is with a view to endeavouring to secure more unanimity in the board's reports that this legislation is introduced.

Mr. MacNICOL: I do not think the minister quite caught my point. This amendment imposes a restriction and would bar a very large number of capable counsel and agents of labour organizations from being appointed to a board. I have no doubt that a counsel or labour agent, once he is appointed to a board, would very quickly assume the impartiality of an arbitrator or judge and try to be fair. But this six months' limitation would bar from appointment to the board a considerable number of men who would be well qualified to exercise good judgment in these disputes.

Mr. McLARTY: Perhaps the hon. member is giving it too wide an application. It means that those who have acted within six months preceding for a particular company—not other companies in general—or for a particular union—not unions in general—would be debarred from membership on a board that was hearing a dispute in which that company or union appeared. He would be qualified to act with respect to other companies or unions.

Mr. MacINNIS: The minister said that the national labour supply council had given its approval to this bill. Has this council its full personnel at the present time? If it has given its approval, is that really not approval by only a partial membership of the board?

Mr. McLARTY: I think the board is full. The hon. gentleman will have to be more specific. I have a letter signed either by the chairman or the secretary of the national labour supply council stating that this measure has its approval.

Mr. MacINNIS: I have it from one of the members who was on the board at the beginning and the minister says he is still on the board, that so far from approving this bill he is opposed to it.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. McLARTY: Would the hon. member for Vancouver East allow me the privilege of dealing very briefly with a remark he made before the committee took recess? It was in connection with the recommendation of the national labour supply council. In the intervening time I have had an opportunity of taking it up with the secretary of the council, and he advises me that there was no recorded opposition to the resolution approving this proposed legislation.

Mr. MacINNIS: In saying a few words on this section I wish to assure the minister that it is my desire to be helpful. Since he has had the honour of holding his present office I have tried on every possible occasion to assist him in this house, so much so that on one occasion I was accused by some of his followers of looking for some preferment. However, I forgave them. I have even tried to help the minister outside the house, so far as I could do so with propriety. I wish to offer him some advice now, and I think he would be wise to accept it.

It is strange that this act, which stands so much in need of overhauling, should be amended at this time only to the extent of this one section. I do not think there is a more dangerous section for him to amend, particularly in the way he is now asking parliament to amend it. The Industrial Disputes Investigation Act was passed in 1907, and for thirty-four years this section has stood the test. So far as I know, there has never been any objection to it until now. Why is there objection now? If I were to take the time of the committee at this stage to tell why, I rather think the chairman would stop me, and perhaps rightly. On some other occasion I will discuss the matter from that point of view. Let me read the old section 12:

No person shall act as a member of a board who has any direct pecuniary interest in the issue of a dispute referred to such board.

This is direct and simple. We know what it means. It means that no one connected with the management on one side or, on the other side, with the employees who would stand to gain or lose by a decision in the dispute, can be a member of a board. The amendment departs from that simple, direct stipulation. Let me read the section as amended:

No person shall act as a member of a board who has any pecuniary interest, direct or otherwise, in the issue of a dispute referred to such board or who is then acting or has so acted within a period of six months preceding the date of the application for a board in the capacity of solicitor, legal adviser, counsel or paid agent of either of the parties to the dispute.

Let us take the first word that is new—direct or "otherwise". What does "otherwise" mean? Who could not be excluded by the word "otherwise"? Every member of society to-day has a pecuniary interest in almost any labour dispute. Suppose there is a labour dispute in a public utility providing light, heat and power or perhaps transportation. If an increase in wages would affect the rates, or if an increase in wages were denied, rates not being affected, then every member in that community would be affected by the dispute because he would have an interest either direct or "otherwise". So that when you use this word you do not know what it means, or whom it excludes.

Take the hon. member for Rosedale (Mr. Jackman), who so valiantly protects capital here. If he has shares in a company no one knows whether he has those shares or not. How do you find out? Having a pecuniary interest, he may be affected indirectly in the dispute.

In this amendment the minister is going into a field the limits of which neither he nor anyone else can define. However, I am not sure that that is what the amendment really contemplates. In my opinion it is directed at the representatives of labour who appear on these boards.

Mr. McLARTY: And industry.

Mr. MacINNIS: No, because industry has the same representatives on these boards as it has always had. Quite recently, however, certain solicitors have specialized in this kind of work, and I am satisfied that it is at these the amendment is directed, and it is at these that it will be directed. That is why it is so dangerous, particularly at this time. Take a paid agent. To whom does that apply? Where does it get us? I am a member of the amalgamated association of street railway employees in Vancouver. A paid agent of a local of some organization, say in Toronto or Regina or Calgary, would be prevented by this proposal from sitting on a board for the employees of the street railway men in Vancouver, though he would not be directly affected by any decision that might be made in the dispute.

I suggest to the minister in all earnestness that he should consider the matter carefully before pressing this amendment as it stands. It was never intended that a board under the Industrial Disputes Investigation Act should be impartial. It has always been impossible to have an impartial board, and it will still be impossible after this amendment is passed. Every member sitting on the board has an opinion one way or another. He is prejudiced, no matter how much or how little, in favour of one side or the other. We try to get over that by getting a judge as chairman—not always, but quite often. While a judge is not necessarily more impartial than some one else, yet because of his position and his training in weighing evidence, he may as chairman of such a board take perhaps a more impartial attitude than the ordinary business or professional man.

Let me read from the act how the board is set up:

9. For the purposes of appointment of the members of the board, the following provisions shall apply:—

(a) each party to the dispute may, at the time of making application or within five days after being requested so to do by the minister, recommend the name of one person who is willing and ready to act as a member of the board, and the minister shall appoint such person a member of the board.

Now, what happens? The employees will select a man who, they consider, has the viewpoint and the interest of the employees or workers. The employers, on the other hand, will select a man who has the interest of the employers and the point of view of employers. No matter how you deal with it you are not going to get a more impartial board than you had before.

Then we come to the appointment of the chairman. The minister, after the appointment of the other two members, instructs them to get together and select a chairman. If they fail to do so, the minister appoints the chairman. Usually, and I think for very good reasons, the minister appoints a supreme court judge or some other high court judge. Generally speaking I believe the minister's appointments give satisfaction. They give satisfaction that would not be given if someone other than a judge were appointed.

Yesterday in introducing the bill the minister said that the purpose was to get a more

impartial board. You cannot get a more impartial board, because in spite of what you do the employees will select a person who favours their position, and the employers will select a person who favours their's. You are then as you were—but with this difference, with this amendment the workers will be limited to a very small number of trained people from whom they can select, while the employers will not be limited at all. There are dozens of corporation lawyers in Canada who are well able to present the case for the employers, but the lawyers who are able to present the case for labour are very few, because labour is not able to afford high-priced lawyers. If this amendment is passed it will prevent labour from taking advantage of any wide choice, and instead of bettering the situation the minister is going to have trouble which I am sure he does not contemplate at the present time.

I said I was going to offer advice to the minister, and I do so with the greatest sincerity. My advice to him is to withdraw the bill.

Mr. McLARTY: I am sure the remarks of the hon. member for Vancouver East (Mr. MacInnis) are sincerely intended and well meant, and deserve a reply. In the first place I should like to clear up a statement which he apparently believes to be correct but which is not correct, that this amendment is directed at certain particular counsel who are acting for labour. I could give him a number of illustrations that I think would reveal to him that the whole purpose and function of the Industrial Disputes Investigation Act was being thwarted by corporation counsel, counsel acting for corporations, who sat on boards. He points out quite truly that although the act was introduced in 1907 it is being used in a very much wider field and given a wider application by reason of its extension on November 7, 1939, to all war industries.

The hon. member said it will be impossible to get a man who is perfectly impartial. Probably I must agree with that. But if representations are to be made to a board I suggest they can be made by representatives before a board, and let us try to make that board as impartial as we possibly can. That is the whole purpose of this amendment. There is no change in the right of representation of either labour or industry before a board. But let me ask this committee this question: How are you going to get a unanimous report from any board where the representative on the one hand is counsel for a corporation and the representative on the other hand is counsel for a labour body?

I am not oblivious to the fact that it will be difficult to get complete impartiality. The amendment cannot guarantee that. But what it can do is it can take a step toward securing that impartiality. There will have to be, of course, some definite application to determine the mode of procedure which will be adopted to ensure impartiality. But I believe this is a step in the right direction. While it does not guarantee that every board will be impartial, at least it is a move in that direction, and for that reason I think should commend itself to the committee.

As the hon. member has stated, in cases where the power of appointment has fallen to me I have generally appointed a judge. There are two reasons for so doing. First, it is some assurance of impartiality; at least you are not open to any suggestion that you are trying to be partial to either side. And second, a judge should be most competent to weigh, consider and adjudicate upon the evidence given.

Mr. McKINNON (Kenora-Rainy River): I agree with the principle of this bill, but I believe a great deal of difficulty will be involved in the way it will work out. In the first place it will be found that both sides will be devoting considerable time to investigating the representative of the other side to be sure that he is not either directly or indirectly interested in the dispute. As the minister has pointed out, both sides will have the opportunity of being represented at the hearing by their solicitor or representative, whichever they prefer. It has been the practice of labour organizations down through the years to have, if possible, their paid agents, men who have been following the case, arguing the case and debating it with these various boards. They know that these men have at heart the interests of the people they represent and have a definite knowledge of the problems to be debated, and in that respect will be in the best position to put forward the claims of the people who are before the board.

In the three or four years that this act has been in effect there have been at different times many complaints; in fact, if my memory serves me aright, not long ago there was quite a discussion over the fact that the chairman of a board was found to have a direct interest in a dispute which was under investigation. But I understand that the various ministers of labour have had a list of men across Canada who it is considered would be suitable chairmen of the various boards. While there have been mistakes in the past in the selection of chairmen, on the whole the system has worked out very satisfactorily. In the vast

majority of cases impartial decisions have been rendered by the chairmen on the evidence as it was placed before them. I am sure that every hon. member wishes to see these cases decided as impartially as it is possible to decide them. As one of the previous speakers stated, it is impossible to find any person who is entirely impartial, but so long as we can find people who are willing to be fair to both points of view, that is about all we can expect from the normal human being.

Again I must say that I agree with and approve heartily the principle of the bill; nevertheless I have grave doubts as to its success in actual practice.

Mr. CHURCH: The principle of appointing arbitrators and the constitution of the board as embodied in the bill are copied from the arbitration acts of the various provinces. In some cases, it is true, members of boards do not know very much about the work. When labour saw fit to nominate a member of the board, the principle was adopted of having each party to a dispute nominate a member, and the chairman of the board was chosen by agreement, failing which the Minister of Labour made the appointment. On some occasions it has been difficult to obtain a labour man to act without remuneration. When I speak of labour men I have not in mind the agitator type. I have had a great deal to do with the appointment of some of these boards, and it has not always been easy to get a labour man to act unless he could be assured of some compensation. I am not speaking of the sort of labour man who goes around stirring up strife. That sort of thing is bad enough in our industrial life in time of peace; it is far worse in war time.

I should not like to see the minister, unless he finds it necessary as a war measure, keep off the boards some of our reasonable, bona fide labour men who have given a great deal of help to the trade union movement in this country. Not a few disputes have arisen with respect to public utilities connected with the municipalities, operating at cost. In such cases they generally secured pretty good boards, nominated by each side. In some cases the minister chose the chairman, in others the senior judge of the county was appointed. However, with due respect to the bench, a number of the judges who have functioned on these commissions knew very little about the practical matters connected with mechanization which arise in the very involved industrial disputes of the present day. But let me repeat, from my observation, the minister has chosen very good men to act on these boards.

[Mr. H. B. McKinnon.]

I do not agree with the practice of some members of the legal profession going all over the country to participate in every petty dispute which arises here, there and everywhere. Although I am a member of the legal profession, I have not a great deal of sympathy with that type of professional man. There are some good men among them, but I know others who are not in favour of the thorough prosecution of this war, and after all, industrial disputes—as is evident from the experience of the United States—will be a menace to the war effort unless the government lays down some policy with respect to such issues when they arise. We are now away behind with our war effort, and there is not a day to be lost.

Some time ago in the case of Snyder vs the Toronto Electric commission, I was associated with an appeal to the privy council to determine whether sections of the Industrial Disputes Investigation Act were intra vires of the parliament of Canada in regard to public utilities as certain sections of that act of that day were involved in a labour dispute with the system's employees; and after all Canadian courts it came before decided it was, the privy council gave a very important judgment on the matter of property and civil rights in the province, the law of contracts and that of employers and employees. The late Lord Haldane delivered the judgment of the court, which was a very good one, and dealt with the constitution of the board and the duties of its members.

I have been all my life a supporter of labour, especially the trade union movement. When properly administered, without the intrusion of agitators, it has been in many ways a blessing to this country. In my opinion some good labour men can be engaged as members of boards, but they cannot afford to lay off work without remuneration for one, two or three months. I know of one involved arbitration which lasted fifteen months. It arose out of the taking over of the street railway by the city of Toronto, and cost nearly a million and a half dollars.

I am sorry that I was not in the chamber this morning. Has the minister any information from the old country as to a change, under war-time conditions, in the constitution of the British boards? Is it now the law of England that they are not to be paid?

Mr. McLARTY: Not as far as I know.

Mr. CHURCH: County court judges receive, I believe, $25 a day. They are allowed by the tariff $15 a day, but when they relinquish their other judicial duties it is our practice to give them $25 a day and expenses.

As I have said, there are some very good labour men. I might mention Mr. Joseph Gibbons, who has served on one or two commissions. I am sorry that his services are not more frequently utilized.

I will support this measure if the government thinks it is necessary in connection with the war effort, although it seems to me rather dangerous to upset in times of war an arrangement which has worked well in times of peace.

Mr. McLARTY: There is one matter mentioned by the hon. member for Broadview as to which I might make a correction. Nothing in this bill prevents any labour man or any representative of industry from receiving the fees prescribed by the Industrial Disputes Investigation Act. In other words, the mere fact that he is a member of the board will not constitute him a counsel or paid agent of either employer or employee. The fees may not be very large, but we have had no difficulty in finding people to serve for them. Consequently labour will not be in a prejudicial position in that regard.

Mr. HOMUTH: I rose to ask the minister a question a few moments ago. I understood him to say that certain regulations would be made as a result of this amendment. Those regulations, I suppose, will specify just what classification a man will come under who has some pecuniary interest in a dispute. Not only will the Department of Labour get into more and more difficulty as a result of this amendment but, as was suggested by the hon. members for Vancouver East and Davenport, I believe the government is taking away the type of arbitration board formerly intended. It is taking away from labour some of the rights they formerly enjoyed.

It is not always that a question of wages is involved. Sometimes questions of working conditions have to be considered. A dozen and one different questions may be involved in a labour dispute, questions which have nothing whatever to do with wages. Therefore in order to have its case properly placed before other members of the board, it is necessary that labour have someone there who has a practical knowledge of the situation.

The minister has pointed out that labour may submit evidence to the board. But, in choosing the member of a board, labour is not going out to choose one who is not conversant with labour conditions. The attitude of labour on various questions has been one of desire and hope of bettering their conditions. How far-reaching, then, is this amendment going to be? If a person is a member of a trade union, a member of a trade congress or of the Canadian congress of labour, and a matter of vital importance to the whole set-up of unions in Canada is involved, that person would have a pecuniary interest and would be debarred. In any matter which is going to benefit his union, even though it may be a dispute with another union, he is bound to have a pecuniary interest.

The minister is the one who will have to say whether or not a man has that interest. Should the minister refuse to accept a nominee of labour on the ground that he may have some interest, the minister would be in very serious difficulty, and would immediately have all the labour organizations in the country on his neck.

I feel very much as did the hon. members for Vancouver East and Davenport. I do not see how we can gain anything from this amendment, and I feel that we are going to have more difficulties in the Department of Labour in designating who is or who is not interested. If the minister is anxious to have a non-partisan board to deal with labour disputes, a board before which labour and industry, and whoever else may be involved, may state their positions, then rather than curb the type of representation one can have on the board, I suggest that labour and all other parties concerned would be much better off if the minister would say, "We will appoint a board of judges in every province who will sit on these disputes, and to which evidence may be submitted under oath." This bill is unfair to labour; under its provisions labour is the group whose representations will be curbed.

Mr. NEILL: At first glance I did not see anything objectionable in the bill, but after hearing the hon. member for Vancouver East I have somewhat altered my opinion. I did not hear everything he said, but I gathered from what I did hear that he was voicing the opinions of labour unionism, and stating their opposition to this bill. He may not have had direct authority—and I do not see how he could have had, because the bill was introduced only a few hours ago—to speak for labour. But if any hon. members can lay claim to representing labour, then I should think the hon. member for Vancouver East must be one of them. So far as I can gather he appears to make strong objection to this bill.

The very essence of the bill, as in respect to similar legislation, appears to me to be framed on cooperation, on the getting together of labour and capital, in order to come to some reasonable arrangement. Any suggestion of doing so by way of legislation which has the appearance of having been forced on one or other of these bodies would be bound to react unfavourably against any prospects of cooperation in any dispute.

As it has been opposed—and it has been strongly opposed—by people representing labour, I suggest that we might accept the suggestion offered by the hon. member for Vancouver East, namely, that of withdrawing the bill; or it might be stood over until the next session. It is rumoured that we will meet in a couple of months—not likely more than three months. By that time publicity will be given to the purpose of the amendment, and it would be possible to have a better idea as to the way in which it would be accepted by labour.

There is one other point I would mention to the minister. In the bill we find the expression "No person . . . who has any pecuniary interest, direct or otherwise". It might be possible in high places—and I do not at all suggest that it could happen under the present minister—that under some circumstances there might come a time when it would be desirable to favour one party's interests rather than those of another. It would be possible for whoever had the deciding of the issue to regard the recommendation of the labour group as undesirable. That group might select, we will say, Tom Jones, a prominent labour sympathizer, but a person not essentially connected with the dispute. It might be possible to say, "No, we will not accept that man, because he has an 'otherwise' interest." In other words he may have an indirect interest in the dispute.

We will suppose that it would be a dispute between the employees and the management of a street railway company. It would be possible to refuse the appointment of a man not directly connected with labour, but one who is perhaps known to be a sympathizer. The argument might be used that as he was a potential passenger on the street car it would be possible, if the demands of the labour element were accepted, that the price of street car tickets would be increased. Therefore it would always be possible to turn down nominee after nominee until a man was secured who was more or less favourable to the other side of the argument. It is going too far to prevent a man from acting as a representative in a dispute because he might have an "otherwise", in other words an indirect, interest in such dispute.

Mr. ROSS (St. Paul's): In connection with this matter I believe I fall in line with the observations of the hon. member for Comox-Alberni (Mr. Neill). At first I did not see very much that was wrong in the bill, and I thought the word "otherwise" might tend to make the conciliation board more impartial. I believe now, however, that it will deprive labour of its chance of being represented by people who in other ways might not be objectionable.

I suggest that what the government ought to do is to stop strikes before they start. Do not let them get started. Do not let us have any of these stoppages in war work. The government should do everything possible to see that such stoppages are prevented. There must be no suspicion of injustice in the minds of the people of Canada, and particularly in the minds of labour. I believe if the word "otherwise" is left in the bill it will be just one more small thing which might cause a good deal of trouble. It would develop suspicion, and thereby render it more difficult to prevent stoppages of work.

We must remember that a great many people in Canada, and practically all people in Great Britain, have given up many privileges. We are going to have those privileges back after the war; in the meantime I think we are all satisfied to be deprived of them. In my opinion the government should make it very clear that in the matter of dealing with labour disputes there will be no injustice, and that they are not going to take a dictatorial attitude on behalf either of labour or of capital in connection with war work in Canada. In other words the government must take a firm stand. The very fact of having the word "otherwise" in the bill will mean that there will be suspicion, and just another small cause for discontent with the board. I believe the minister would be wise in removing that word and thereby removing suspicion.

Mr. O'NEILL: I have listened with a great deal of interest to the argument that has been put forward on this bill. I am not always in agreement with the hon. member for Vancouver East (Mr. MacInnis), nor am I always in agreement with the hon. member for Comox-Alberni (Mr. Neill). I have been directly connected with labour for thirty-five years, but I have not been delegated to speak for labour at this time. I believe the minister is sincerely trying to make these boards of conciliation more impartial, but I am in agreement with the hon. member for Vancouver East when he says that that is almost impossible. As the hon. member said, labour will appoint a man who has the labour viewpoint, and the employer will appoint a man with the employer viewpoint. This bill will restrict the field from which labour can draw. Right now we have a board of conciliation and it may be necessary in three months' time to have another board. Will this legislation not prevent either capital or labour from continuing to have as their representatives the men who are now sitting on the board?

Mr. McLARTY: That is not the intention.

Mr. O'NEILL: It says "counsel or paid agent."

Mr. McLARTY: They would receive their pay under the Industrial Disputes Investigation Act and would not come within the purview of this amendment.

Mr. O'NEILL: I am glad to have that explanation, but the language of this bill may be construed differently to-morrow by a lawyer. It is not what the minister's opinion may be, it is the interpretation that will be placed upon the law. With all due respect to the minister, I must say I am afraid that this bill will prove detrimental to labour, and I suggest that he withdraw it at this time.

Mr. HOWE: Perhaps I could say a few words as one who has been watching the situation for a considerable length of time. We have had boards which were quite successful in settling disputes to the satisfaction of all concerned, and which brought down findings which had a fairly binding effect. We have had other boards which reached divided decisions and where it was found that the settlements arrived at were temporary indeed. The Industrial Disputes Investigation Act provides for the setting up of what is in effect a judicial board, but recently a practice has crept in under which you have practically a board of arbitration. One side appoints an agent to represent it, the other side appoints another agent to represent it, and the Department of Labour appoints a judge or someone else as the third and only neutral member of the board. The findings rendered by many of these boards have not been beneficial to the settlement of disputes.

Perhaps we could take a specific case which has been referred to quite often in this house, the Peck rolling mills dispute. In that case an agent of the union was appointed as a member of the board along with the paid solicitor of the Peck rolling mills. A member of the judiciary was the third member. I suggest that that was not a conciliation board. In my opinion such a board could never agree. If the paid representative of the union and the representative of the employer could agree, the board would not have been necessary. The Minister of Labour is attempting to set up a tribunal which will assess the facts submitted to it and attempt to arrive at a mutual agreement based upon the facts presented by the two sides.

The government has no intention of barring the representatives of either side from appearing before the board. The representative of the union is entitled to appear and state his case as ably as he possibly can. Similarly, the company may send its paid solicitor before the board to represent the case for the company. But after that has been done, a decision is rendered by three men who have open minds on the subject. One man would have the view of labour, because we would assume that labour would choose a man who held such views. Another man would have the view of the owner, because we would assume that the company would choose a man of that type. Then we know that the Minister of Labour would choose a man with a judicial mind, one without any particular views on either side. We believe that that would be a board which would reconcile the facts brought before it and bring down a finding which both sides could accept as a reasonable settlement of the dispute.

Hon. gentlemen know that the success of the Department of Munitions and Supply depends almost entirely on the continuance of good relations between capital and labour. The highest objective I have in conducting the department is that those relations shall obtain. I discussed this matter with several labour leaders representing different occupational groups and I did not hear one dissenting voice to my suggestion that a completely impartial board of three would be more effective in solving labour disputes than the practice that has lately cropped up of appointing special advocates and special pleaders for each party with only one neutral arbitrator.

Mr. HOMUTH: I quite agree with what the Minister of Munitions and Supply has said, but to my mind it does not clear the situation. He has said that labour will name someone who is partial to labour and that industry will name someone partial to industry, while the Department of Labour will name the third member. Such a man may not be a professional or legal advocate of labour, but he will be a man possessing labour's viewpoint. When sitting on the board he is going to fight for the people who have named him to the board. If we could get what the Minister of Munitions and Supply has suggested we might get it would be a perfect set-up, but I do not think this bill is going to do it. In fact I think this bill is going to make things more difficult for the Department of Labour. I would far rather have the Department of Labour say that impartial boards are to be set up in Ontario and the other provinces to deal with these matters. The time has come when the Department of Labour must show courage in handling a situation of this kind, not only courage in handling labour, but courage in handling the industrial end. We dare not allow either industry or labour to interfere with our war effort. So far there has been too much of it.

The Department of Labour in bringing in this amendment is just bringing upon itself more difficulties. It is giving itself the responsibility of saying to one side or the other in a dispute: We cannot accept your nominee because he has some pecuniary interest in this dispute. If you deny the right to labour to choose its own representative, labour is going to say that you are unfair, and if you deny that right to industry, industry is going to say the same. Yet labour will be the greatest loser.

The minister would be well advised to withdraw this bill and to make up his mind that the Department of Labour will handle these disputes with only one end in view. Being fair, yes, but seeing that nothing shall interfere with the production of the essential raw materials required by this country. There could very well be set up in every province an impartial board, even to the extent of appointing to these boards judges who will sit and hear all disputes between labour and industry. It is a big job, and I sympathize with the minister because I know some of the responsibility that is his. It is a job that has to be handled with courage and yet with great diplomacy. I do think that the minister could work out some better way of dealing with these disputes than the method this bill provides.

Mr. GILLIS: I should like to say a word in reply to the remarks of the Minister of Munitions and Supply. He would be right and I could agree with him if all these disputes were disputes involving wages and conditions. His conclusion was based on the assumption that labour has bargaining powers with the employer, because he said that if an agreement could be arrived at by a board as constituted at the present time, the same understanding could have been arrived at between the employer and the employee.

Mr. HOWE: On a question of privilege, Mr. Chairman, what I said was that if the appointees, the paid representative of the labour union and the paid representative of the employer, could ever hope to agree, a board would not have been necessary in the first place. When you add a third party, you get a decision of the board which is a majority decision. But the chance of getting a unanimous decision of the board, where you have a paid representative of one party and a paid representative of the other, is very unlikely unless the employer and the union could have arrived at such an agreement without the intervention of the board.

Mr. GILLIS: In any case, and under any arrangements, you will have a paid representative of the employer and a paid representative of the employees, because I presume none of these people is going to work for nothing.

Mr. HOWE: But paid by the crown.

Mr. McLARTY: Paid under the act.

Mr. GILLIS: In those circumstances the employer would be represented 100 per cent. That is my honest conviction.

I may have an opportunity later to express what I had in mind earlier when I was ruled out of order, with respect to a proper solution of the problem. I am convinced that the employer and the employee can iron out their difficulties without boards of conciliation, provided that some of the legal barriers set up by order in council are removed so as to give labour and industry an opportunity of coming together and having their own tribunals through the medium of organization. I think the Minister of Labour will agree that at least 85 per cent of the disputes that have arisen since the outbreak of the war have not been over wages and working conditions but rather over the demand by the employees of recognition of their right to set up a collective bargaining agency. In addition to that phase of the question, which must be thoroughly examined if we are desirous of arriving at a solution, we must remember that the final decision of the board, after it has been set up and has taken evidence from employer and employee, is made as a result of examination of that evidence. If the representative of labour on the board is not qualified, has not the technical training which will enable him to make an examination of the evidence so that a proper report can be brought in with due regard to the people he represents, you are not going to have any solution of the problem.

I will not say any more just now, except that I think the Minister of Munitions and Supply was labouring under a misapprehension, or else I misunderstood him. I feel that he would be right in his contention if labour was organized. I believe that 75 per cent of the boards which have been set up and 75 per cent of the money that is being wasted on them could be eliminated, and then we could get down to business.

Mr. O'NEILL: In my experience I can recall only one conciliation board in a period of thirty-five years which brought in a unanimous report. If that is so, it seems to me that the men who comprise these conciliation boards must be pretty well biased, if I may put it in that way, when they go in there to sit on a board. The representative

of labour will have the labour class viewpoint, and that viewpoint only. He is there for that very reason. Similarly with the man who goes in there to represent the employer; he is there because he has the employer's viewpoint on the subject. I can recall only one case, I say, in thirty-five years where a board brought in a unanimous decision.

An hon. MEMBER: Was that a railwaymen's case?

Mr. O'NEILL: The case I refer to was not in connection with operating railway men.

Mr. MACDONALD (Halifax): The hon. member for Kenora-Rainy River (Mr. McKinnon) stated a few minutes ago that if this bill carries it will be possible for either party to be represented at the hearing by its counsel or solicitor even if he had been occupied as counsel for the party within the preceding six months. From my recollection of the act that statement is not correct. Counsel or solicitors may appear for either party at a hearing under this act only by consent of the parties, and even in cases where such consent is given it is still within the power of the board to refuse to allow counsel or solicitors to appear at a hearing. I think that is the provision, and in order to meet the case my hon. friend has in mind, it might be necessary to amend one or two other sections of the act to make it perfectly clear that if the bill carries in its present form counsel would have the right to appear at the call of the party whom they represent.

There is no doubt that the principle as stated by the leader of the opposition this morning is the one which should be applicable to judicial bodies, and if possible to boards of this kind. However, the board set up under the Industrial Disputes Investigation Act is not a judicial body. It is a conciliation and investigation board. During the many years in which the act has been administered it has, I know, been the practice for parties to the dispute to cover a very wide range in the selection of the men who are to represent them on the board. There is high authority for the statement that no man can serve two masters. At first blush, it might be said that a solicitor who within a short period prior to a hearing had been representing one of the parties could be regarded as holding a brief for that party, but I suggest that it has not always worked out in that way. Obviously, too, in the setting up of a board of this kind, the parties to the dispute will select their own representatives, and those representatives will reflect the general views of the respective parties. It is not possible in the circumstances to set up a board that could be wholly free from the charge of partiality, or so long as both parties have the right to choose their own representatives. The amendment reads:

> No person shall act as a member of a board who has any pecuniary interest, direct or otherwise, in the issue of a dispute referred to such board or who is then acting or has so acted within a period of six months preceding the date of the application for a board in the capacity of solicitor, legal adviser, counsel or paid agent of either of the parties to the dispute.

If this goes through it will be quite permissible in the case mentioned by the minister or in any similar case to have one of the representatives proposed by the employees turned down on the ground that he had some interest, direct or otherwise, in the subject matter of the dispute, while another person appointed for the employers might be counsel not for one of the parties but for a corporation controlling shares belonging to such party if it happened to be an incorporated company. If one wanted to exhaust all possible anomalies that might arise in dealing with the question of indirect interest one would have to frame a much wider section than this. I am not sure whether it is intended that this legislation should be retroactive or at least whether it is to come into effect at once and be applicable to boards now in existence, but if it is I see no reason why the effect of it might not be to disqualify in some particular case a member of an existing board.

Mr. HANSON (York-Sunbury): Will the minister read the section of the act with regard to the presence of counsel before the boards, and also clarify the words "direct or otherwise"? I have been thinking this over since we were here this morning. Its implications are numerous.

Mr. McLARTY: The section to which the leader of the opposition refers is section 42 of the act:

> No counsel or solicitor shall be entitled to appear or be heard before the board, except with the consent of the parties to the dispute, and notwithstanding such consent the board may decline to allow counsel or solicitors to appear.

With regard to some of the observations that have been made, I was surprised to hear the hon. member for Kamloops (Mr. O'Neill) say that in thirty-five years he had never known of a unanimous board award.

Mr. O'NEILL: I know of only one.

Mr. McLARTY: I can assure him that during the time I have been Minister of Labour, until recently when this technique has developed, there have been a great many unanimous reports, which were extremely helpful. In fact, I would say that the majority of them were unanimous in the first year, but

this technique has come about and it almost makes it impossible to have unanimous approval because of the interests of either of the parties. I admit frankly that I do not think we shall ever come to the point where we shall have complete impartiality. The fact that a man is appointed either by labour or by industry almost naturally indicates his inclination, and that is all right; but we are not helping to get paid counsel sitting on the boards. This bill was considered by the national labour supply council, on which are the heads of four leading national labour organizations in Canada. They have all approved it.

Mr. MARTIN: Is Mr. Tom Moore on that?

An hon. MEMBER: Yes.

Mr. McLARTY: I do not think there is anything in the bill that would be prejudicial to labour. The suggestion has been made that we are restricting labour. We are not for a moment taking away from labour or industry the right to appoint its member of the board. We are simply saying to labour, as to industry, that there is a very small class that should not be appointed because it would prejudicially affect the impartiality of the board. That is the whole effect of this. Personally I have no objection to deleting the words "direct or otherwise".

Mr. O'NEILL: Let me submit a hypothetical case. Suppose there is an accident just outside the city. A train and an automobile are both racing for the crossing. The automobile is hit, the driver is killed and the engineer is up for manslaughter. Naturally the labour organization will employ the best legal talent they can to protect that man. The case is disposed of, and two months afterwards the engineers become involved with the railway company in a dispute. A conciliation board is appointed. Could the engineers in that case appoint as their representative on the board the lawyer who had defended them in the court action?

Mr. McLARTY: I think the answer would be in the negative if he had acted as counsel on behalf of a union within a period of six months.

Mr. O'NEILL: That is the point I am making. You are narrowing the field of those upon whom the labour organizations may call to act as their agents on a conciliation board.

Mr. McLARTY: The same applies to industry. The same situation might arise there.

Mr. O'NEILL: But they have more to draw from than labour.

[Mr. McLarty.]

Mr. MacINNIS: The bill will be improved slightly by the amendment. I think it will be helpful to the Department of Labour, because they would find it very difficult to define who was or was not affected by having a pecuniary interest in the dispute. But my objection to the section still stands. I am going to propose an amendment that will limit the prohibition not to solicitor, legal adviser, counsel or paid agent who acted for either of the parties, but to one who acted in respect of the dispute then before the board. I therefore move:

That the section be amended by striking out all the words after the word "agent" in the thirteenth line, and that the following be substituted therefor:

"in respect to such dispute or any matter involved therewith."

Mr. McLARTY: The effect of this proposed amendment would be to eliminate completely the benefit we hope to derive from the general amendment. It means that they may not have been employed as counsel in the particular dispute which is being heard by the board. The purpose of the general amendment is that they shall not have had the pecuniary interest of being employed by a company or of receiving financial remuneration from a union for six months. The hon. member's amendment would simply destroy the effect of the bill, since the limitation would be only in respect to the particular dispute involved. It would render the general amendment useless and prevent us from obtaining what we hope will be an impartial board. Before a dispute arises it is unlikely that there would be consultation with counsel, and the only limitation effected by the amendment of the hon. member would be that they had not been consulted in the particular dispute under review.

Mr. MacINNIS: The minister has referred on several occasions to the impartiality of the board, yet I think that both he and the Minister of Munitions and Supply admitted that you could not have an impartial board.

Mr. HANSON (York-Sunbury): But should that not be the aim?

Mr. MacINNIS: It cannot be the aim as long as you allow each side to select its representative. It is pure nonsense to talk about an impartial board as long as you say: This man will represent me and that man will represent you and the third man is the umpire. The third man may be impartial or he may not. My own opinion is that he can be impartial only to a certain degree. But counsel may present arguments and help the union or the employees or the employer

to place the evidence before the board. What you are doing with this measure so far as the employees are concerned is limiting them as to the number of qualified experienced persons from whom they can draw who are able to analyse the evidence and stand up against a judge and another trained representative of the employers.

Mr. McLARTY: Does the hon. member think that the majority of employees' representatives on boards are as a matter of fact paid by some union in connection with that service?

Mr. MacINNIS: No.

Mr. McLARTY: I think not.

Mr. MacINNIS: If they are not, why this section, if it is not aimed at someone? What is the section aimed at if the representative of the employees—

Mr. McLARTY: Let me admit that there are some.

Mr. MacINNIS: Then the purpose of this is to prevent these few or this particular one or two from appearing on boards. The minister should be careful what questions he asks.

Mr. McLARTY: I think it would be fair to my hon. friend if I suggested that more lawyers have been employed by employers appearing on boards than by employees.

Mr. MacINNIS: Of course, because lawyers do not work for nothing.

Mr. MARTIN: No one does except members of parliament.

Mr. MacINNIS: Well, some members of parliament do not work. However, getting back to the point, the minister withdrew the words "or otherwise" because he found himself unable to define what they would mean. Can he define the words "of the parties to the dispute"? To whom will they apply? For instance, take my own organization that I mentioned this morning, the amalgamated association of street railway employees in America. If they have as counsel a man who appeared in a case in Toronto for division 113 of the association, would that man be debarred from appointment as representative of division 101 in Vancouver on a similar board? He is possibly a party to the dispute. Does this apply to national organizations, to provincial organizations or to local units?

Mr. MAYBANK: I do not believe that the amendment would in any wise help, but I do not believe that the bill itself will accomplish what is expected of it. I think we shall find that after passing this bill we shall not have got any nearer to impartiality, for reasons which have been stated by several hon. members. They are simply to this end, that when a person is chosen by either side to the dispute he is chosen because he is a partisan, and we do not change that except to say certain types of partisans may not be chosen. If you cannot have men on the board who are regular counsel or have been regular counsel for the disputants, it seems to me you have to leave it open to the disputants to have their counsel before the board, which sometimes they have and sometimes have not. But I cannot believe that we shall accomplish anything by this legislation. I am in favour of it as it is written, in favour of the idea of getting an impartial board, but in voting for this bill I do not believe we shall really be accomplishing what we are aiming at. It may be well enough to try it for perhaps a year or two, and experience will show whether it has any value or has been a detriment, more particularly in the labour world. Would it not be a good idea, if the bill is passed, to withhold the application of it for a time in order to see what further reactions there may be, more particularly in the labour world, with regard to it? Very often it happens that central labour organizations, such as the advisory body mentioned by the minister, are not thoroughly representative of their membership on the particular issue upon which they are expressing their views. It might be well to hold up the application of the measure for a while.

To sum up, while I shall vote for the legislation, and while I should like to see impartiality achieved, I cannot bring myself to the conviction that we are going to get it as a result of this measure.

Mr. COLDWELL: There is one interesting feature of the discussion. I would point out to the minister that hon. members who have opposed this legislation are representative of all three of our groups in the house, and have been intimately associated with labour organization. I refer to the hon. members for Winnipeg South Centre, Kamloops, Kenora-Rainy River, Waterloo South, Cape Breton South, and Vancouver East. Under these circumstances it is fairly evident that there is an uneasy feeling among those who are intimately connected with labour organizations and understand the working of these disputes and of the conciliation boards. I believe that feeling will be in the minds of labour at the present time, and if there is one thing all of us should try to avoid, it is giving those elements in our country that are trying to subvert our war effort any opportunity of using anything we do in this house to promote dissatisfaction in the labour field at this time.

I join with others in urging that the bill be withdrawn for the present and that, perhaps, the reaction of organized labour be obtained in order that we may arrive at some conclusion upon the subject.

Mr. HANSON (York-Sunbury): Has organized labour not approved the principle of this bill?

Mr. McLARTY: Oh, yes. So far as organized labour is concerned, the notification I had from the national labour supply council, which is representative—very representative—of organized labour, was that the matter was unanimously approved, without any recorded dissent in connection with it.

The hon. member for Vancouver East suggested that in agreeing to the withdrawal of the words "direct or otherwise," I did so because I could not explain what it meant. I can assure him that that was not the purpose. I was impressed with the argument that the term might be difficult to apply in the matter of administration, and for that reason I am quite prepared to have it withdrawn.

Mr. MacINNIS: Would the minister allow me just one word? I was speaking the day before yesterday to the president of one of the national labour organizations who is or was a member of the national supply board. He told me that he was opposed to this amendment. I did not speak with other representatives of labour here, and consequently I do not know the views of all of them, but that is the position so far as this man is concerned.

Mr. McLARTY: All I can assure this committee of, Mr. Chairman, is that he did not record in any way his dissent from the recommendation that this legislation be passed.

Mr. GILLIS: The minister has stated on two occasions, confirming it in his answer to the hon. member for Vancouver East, that labour as represented on the national labour supply council were unanimous in their approval of this legislation. Is the Canadian congress of labour represented on the supply council at this time?

Mr. McLARTY: Yes, they are, but I did not use the word "unanimous" as regards their approval. What I said was that there was no dissent recorded. I took it that the council approved; it was without recorded dissent.

Mr. MacINNIS: I believe the minister said in reply to the leader of the opposition that the vote was unanimous.

[Mr. Coldwell.]

Mr. McLARTY: No. Well, I wish to be fair. If I did state that, I was in error. I said that there was no recorded vote to the contrary.

Mr. EDWARDS: As a matter of information, may I ask the minister how the provisions of this section will be implemented? How is he going to ensure that the board is impartial within the meaning of this section; and what would be the effect of an award made by the board if it were discovered that one member was not in fact impartial within the meaning of the section?

Mr. McLARTY: That is, perhaps, going pretty far. I suppose that, once the board is established, it will have to be assumed that it is qualified to act, and that a subsequent discovery that the information is wrong should not be allowed to upset the award of the board.

Mr. McKINNON (Kenora-Rainy River): Probably the minister can clear up a difficulty which has occurred to me. Heretofore, both sides have been appointing their representatives—you can call them legal representatives or agents—on this conciliation board to represent the views of the contending parties. Under section 42 of the Industrial Disputes Investigation Act, an agent or legal representative is prevented from appearing before the board without the consent of both parties to the dispute. How will employees get their case before this board if they are not allowed to have a solicitor or an agent there to present it?

Mr. McLARTY: There is no prohibition of an agent appearing before the board. Section 42 does not provide that. It says that counsel shall be allowed to appear before the board only with the consent of the board. There is no reason why agents should not be allowed to appear. Of course they will. This will not affect in any way section 42.

Mr. MacINNIS: Do the words "solicitor, legal adviser, counsel or paid agent" apply to a legal firm or to an individual? If Smith, of the firm of Jones, Jones, Jones, and Smith, has acted for one of these organizations within the six months, will this section prevent him from acting in that capacity, while it would not prevent one of the other partners?

Mr. McLARTY: I think we shall have to be consistent and say, where Jones and Smith are partners, and Smith has had a retainer and has acted for the company within six months, any member of his firm would be precluded from acting.

Mr. MacINNIS: The minister did not answer my other question, asked a moment

ago, as to whether the solicitor for the national organization of any of the many local unions throughout the dominion—remember, it is the local unions which have the disputes—will be debarred from acting for the local union in another city?

Mr. McLARTY: The answer is, yes, in the same way as a solicitor for the Canadian Pacific Railway company might have a dispute at one point or another. I would say that the national solicitor for a union could not under this provision sit upon a board, because he would be drawing direct remuneration.

The CHAIRMAN: It is moved by the Minister of Munitions and Supply:

That the words "direct or otherwise" in the sixth line of section 1 be deleted.

Mr. NEILL: If this amendment passes, we shall be very little, if any, better off than we were before. We appreciate the minister's giving way to the argument that these words made the section too restrictive, but let me turn to the wording of the section as it appeared in the act originally:

No person shall act as a member of a board who has any direct pecuniary interest in the issue of a dispute referred to such board.

That is now changed in the bill to "any pecuniary interest, direct or otherwise." It is now proposed to strike out the words "direct or otherwise," so that the section will now read "who has any pecuniary interest in the issue of a dispute." That, Mr. Chairman, is exactly as it was before, although expressed in somewhat different words. The inference would be to a pecuniary interest, however small. The argument could be used about which I spoke an hour or two ago, to the effect that the section might be applied to a man who rode on a street-car.

If the minister is going to give effect to what he offered to do, then he should put the section back as it was before, and insert the word "direct" so that it will read, as it did for many years, "who has any direct pecuniary interest."

Mr. McLARTY: The hon. member must realize that the last five lines in the amended section constitute a difference between the original section, and the suggested one.

Mr. HANSON (York-Sunbury): Those are alternative.

Mr. NEILL: I cannot see that the following five lines have any bearing on the matter. If we are going to put the section back as it was before by striking out the words "direct or otherwise," then it certainly should read "any direct pecuniary interest in the issue of a dispute." Anything else is promising us bread and giving us a stone.

Amendment (Mr. Howe) agreed to.

The CHAIRMAN: It has been moved by Mr. MacInnis:

That the section be amended by striking out all the words after the word "agent" in the thirteenth line, and that the following be substituted therefor:

"In respect to such dispute or any matter involved therewith."

Is it the pleasure of the committee to adopt the amendment?

Some hon. MEMBERS: Yea.

Some hon. MEMBERS: Nay.

The CHAIRMAN: In my opinion the nays have it.

Amendment negatived.

Section as amended agreed to.

Bill reported.

Mr. McLARTY moved the third reading of the bill.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I endeavoured to make a few observations when this measure was before the committee, and I was told that they were not relevant at that time. At this time, therefore, I desire to make a general summary of the measure, as I see it. The bill brought before the house by the Minister of Labour (Mr. McLarty) is one through which ways and means are sought to improve conciliation machinery. In my opinion, however, this bill absolutely restricts and definitely rules out any opportunity labour may have had of having adequate representation on conciliation boards.

I am endeavouring to point out to the minister that the amendment proposed in the bill will serve to make more confusing an already badly confused situation. I believe that the present state of unrest in labour is attributable to at least some of the measures enacted by order in council, but never implemented.

Mr. HANSON (York-Sunbury): What are they?

Mr. GILLIS: I refer first to order in council P.C. 2685, which gives the workers the right to organize. The principle of the right to recognition of trade unions is set out in no uncertain terms right through that order in council. Industry is strongly advised to meet employees, to give them the right to organize, and to sign collective agreements.

That order in council was well worded, but it has never been given legal status. So far as labour in Canada is concerned, order in Council P.C. 2685 is not to-day worth the paper on which it is written. It is advice to those who, in my opinion, are to a great extent responsible for the present situation, but that advice was never followed by action, nor was it given any legal interpretation. The failure of the Department of Labour to follow up that order in council and to see to its enforcement, as the department follows up and sees to the enforcement of legislation which has for its purpose the restriction of the rights of labour in war time, cannot be excused. Practically every piece of legislation in which the rights of labour are restricted has been enforced, but order in council P.C. 2685 has not been. The bill before the house will only make greater the confusion which at present exists. As I tried to point out this morning, to cure a disease one must get at the cause. The government cannot cure the disease of industrial unrest by operating from the top, through conciliation boards. It must get to the bottom, to the base of the trouble. At the present time that struggle has its basis in the efforts of the workers to form collective organizations through which they may have a say in the management of industry. That is the point from which the government, if it wishes to effect a cure, must work.

The minister must first give some consideration to the enforcement of order in council P.C. 2685. Second, order in council P.C. 7440 was another move which badly confused not only the average workingman but those men who sat in on conciliation boards. They have not been able to interpret it. Perhaps that suggestion is best exemplified in the dispute which has taken place in the rubber industry. The personnel of conciliation boards have not been able to obtain a proper interpretation, or a correct understanding of order in council P.C. 7440. The Minister of Labour will remember that the Bowmanville rubber workers put in motion all the legal machinery of conciliation. A board was set up and made an award of increased wages which was satisfactory to both employer and employees. After that report had been made, the Minister of Labour wrote to the rubber workers' organization in Bowmanville and stated that the conciliation board had erred in its award which had been accepted by employer and employees. It was stated that the decision was over and above what was called for by order in council P.C. 7440, and it was stated that at some future time this organization would be called upon to defer their right to further increases on account of increased costs of living until such time as the overpayment had been made up. I think in that case the board understood its duties and took the real meaning out of the order in council.

This situation is illustrated by what has occurred at the Peck rolling mill. They put into force all the legal machinery as stipulated by the government. A vote was taken, and an examination of the situation was made. In their Trenton, Nova Scotia, plant, Dominion Iron and Steel pay a base wage of forty-five cents an hour, and the same rate is paid in the Sydney plant. Yet in Quebec they pay only 30·7 cents an hour. The conciliation board split, the majority holding that their interpretation of order in council P.C. 7440 was that the wages paid in 1926 and 1929 should be the basis of the award, and their award was made accordingly. The union representative presented a minority report, which was based upon his interpretation of order in council P.C. 7440, to the effect that in areas where wage levels had been depressed during normal periods, the board had jurisdiction to level up.

As a result of all this, a strike has been in progress in the Peck Rolling Mills for the past month. Employees are suffering, and an organization which should be producing war materials is shut down. Confusion exists because order in council P.C. 7440 beclouds the issue. The interpretation has been given by the Department of Labour that wages must conform to the 1926 and 1929 level irrespective of whether they have been depressed. My information is that not very much is being done to cope with this situation. In my opinion an examination should be made of this entire industry which controls twenty-six subsidiaries from Sydney west into Ontario. The industrial rates of wages should be the same for all plants. If the basic rate in one plant is forty-five cents an hour, then that rate should apply to the entire industry. Instead of this strike being prolonged for a month, instead of the people having to suffer and production being curtailed, the board should have been reinstructed. The wages at the Peck Rolling Mills in Montreal should be levelled up to the rates prevailing throughout the rest of the industry.

The National Steel Car corporation established a plant in Montreal. They pay forty-five cents an hour in Hamilton and 30·7 cents an hour in Montreal. Quebec is a low-wage province. We hear much about national unity, and yet wages in Quebec are much below those in other parts of Canada. This tends to create in the minds of the people of that province the thought that they are not being treated exactly the same as the rest of Canada.

This is, in my opinion, one of the reasons for any disunity which may exist among certain sections of the French-speaking people. I could discuss this question for perhaps a week if I examined into all the problems. I shall, however, deal only with contentious matters.

A few months ago the hosiery workers in Oshawa went out on strike in an effort to have redressed what I consider were legitimate complaints. The wage rates ran from sixteen to thirty-seven cents an hour. These people did not understand the working of the conciliation machinery—one must have some legal understanding in order to interpret these orders in council—and for that reason they perhaps got away on the wrong foot. They went out on strike, and the minister instructed them as to the necessary road to travel. The result was that they returned to work and applied for a conciliation board in the ordinary way. Since the board was set up, something else has been done to antagonize them. A commissioner was appointed to examine into why the trouble developed. He is investigating the officials who are making an attempt to present the facts in a reasonable way to the board. This only leads to confusion.

This is why strikes occur. As I said before, 75 per cent of these disputes are in the unorganized sections of industry. In the final analysis, what is a strike? It is simply the result of the accumulation of grievances over a period of years. Restrictive legislation and other matters place the employees in a position where they cannot exercise their rights as citizens and express their opinions. I have never found a member of a labour union who was not ready to recognize a problem that really existed. These grievances pile up, and finally someone comes along and gives the needed leadership. I do not think any of these people want to break the law; it merely happens that someone comes along who is prepared to take responsibility and a strike develops.

We have a situation like this at the present time in Toronto. Only this morning the hon. member for Davenport (Mr. MacNicol) asked the minister about a strike in the General Electric plant at Toronto. These people have not union recognition, and they do not know the rules. Many of us who have made a study of these matters are not as clear on them as we should be. As a result, confusion now exists at that plant. I believe the minister stated that a delegation was in Ottawa at the present time to see him in connection with this problem. Some people are going to get into trouble because they accepted leadership in order to bring their grievance to the attention of those in authority. There are perhaps three or four hundred who have grievances which they want to discuss. In my opinion the way to handle this whole situation is not by bringing in a bill like this which merely restricts the right of the working people to have proper representation upon these boards.

The Department of Labour is one of the most important war departments because it has jurisdiction over the hundreds of thousands of workers in this country who are turning out the raw materials necessary for the proper prosecution of the war, and what the Minister of Labour has to do, as an hon. member said this morning, is to accept responsibility for the administration of his department, stand on his own feet, and keep as closely in touch as possible with those who represent organized labour in Canada to-day. I know that they are reasonable and want to travel the right road. Take, for instance, the *Congress Journal* or the *Canadian Unionist,* the two official organs of the two major unions in Canada, and you will find that they have mapped out a constructive programme of advice to those who are attempting to handle the affairs of labour through the department. If the road mapped out by them were put in order of council form or in a bill, and brought before this house and the Minister of Labour were given complete jurisdiction over his department and told to go ahead and cooperate with the workers in order to get the best effort possible at this time, this would go a long way towards clearing up our present difficulties.

As I view the situation, however, there are things holding back the Minister of Labour. There are advising him people who have the wrong viewpoint, and a lack of knowledge of the particular problems which the minister must have if he is to find a solution which will put the relations of labour and industry on a sound basis in Canada as they are in England. I think Ernest Bevin in England is the most important man in the British government because he has the confidence of the organized union movement 100 per cent, and the workers in England are prepared to relinquish many of the rights which they have fought over a long period of years to gain, and to place them in the hands of Mr. Bevin on the assurance that, after the war, a new England, and perhaps a new Canada, will be built and that what they relinquish will then be handed back to them. They are relinquishing those rights because they have confidence in him.

We should do that with the Minister of Labour at Ottawa, but the way to do it is not to tie him up with restrictive legislation such as we have here. I could cite case after

case, and I bring these matters to the minister's attention only in order that we may get down to basic principles and endeavour to set up an organization through which the working people will be given an opportunity to express themselves. I believe that 90 per cent of the trouble in all our industries across Canada to-day is on account of the fact that the working people are denied the right of sitting in with the management. I know from my own experience of thirty years in unions that the employees will always be reasonable if the case of the employer is properly understood. The Dominion Iron and Steel Company in the Sydney Mines section—and if the hon. member for the district were here he would corroborate what I say—when it went into liquidation in 1932 called in the union membership and said: "You have to take a 25 per cent reduction in wages if this industry is to continue".

Mr. MacNICOL: Has the hon. member in mind that a great number of plants have shop committees of the employees, and is it not a fact that the companies receive advice from these shop committees and consult with them, as I think they should?

Mr. GILLIS: I am speaking, not about company unions but about legitimate union movements.

Mr. MacNICOL: I am speaking about workers' associations in the shops.

Mr. GILLIS: That is right. As I was proceeding to point out to the minister, when it was shown that a section of that industry was insolvent, the workers took a 25 per cent reduction in their wages. I think they were more reasonable than they should have been because the bondholders' holdings were made good, and the workers worked at reduced wages for two years, to put the industry back on its feet, and are still slowly climbing back to the wages they received in 1932.

The same thing was true in Pictou county, where the workers had $125,000 taken directly out of their pay envelopes to put that industry back on its feet. That could never have occurred were it not for the fact that there was a recognized union whose representatives could sit round the conference table with the employer and take back a message to the employees.

What is happening in the General Electric company's plant at Toronto to-day? The workers have nowhere to go, no organization through which to present their case, and as a result they are out on the street trying to find a solution. Their wages and working conditions are not what they should be, but they have no way of bringing the matter to the attention of those in authority.

[Mr. Gillis.]

In the final analysis, those in industry are largely responsible on account of the anti-union attitude they take. They fail to recognize the fact that the very democracy which they exercise so freely themselves they deny to their employees. The mining industry of Ontario is solidly organized and represented by a general mining association. Dominion Iron, Steel and Coal is organized for the three maritime provinces one hundred per cent through their associations. The general merchant is represented through merchants' associations. The boards of trade represent commercial enterprises. There is a bankers' association. Every phase of our economic life is organized with the exception of the industrial and agricultural workers, and every stop-block that can be put in the way to deprive them of that right is used.

I should like to warn the operator. While he may be afraid that if the workers are organized and start to bargain collectively, they may cut into his profits 5 or 10 per cent, yet if the operators continue to travel the road they are travelling at the present time and to terminate democracy, then before this war is over they may lose much more than they would lose by recognizing the rights of the organized workers. That is something which they must face at the present time, and my advice to the minister, if he wants to do something, is very simple.

First, I think the conciliation machinery should be speeded up. A board is applied for, and months go by before it makes its report. That makes the workers a prey for any subversive elements that wish to exploit their unrest. I have no hesitation in saying that 90 per cent of the workers who go on strike do not do so because they want to strike and be idle. They have many troubles; when they do go out on strike, the subversive elements are apt to play on the men and exploit their unrest and the next thing one finds is that a bad situation has arisen. All that could be cured by setting up legitimate unions. Therefore I say that, first of all, the conciliation machinery must be speeded up. There is no reason why a board should take months to get down to the facts of the case and make its report.

Second, there is order in council P.C. 2685. Those regulations have been passed, and it is simply a matter of putting teeth into them. The Minister of Labour would be one of the biggest men in Canada if he rose in his place, accepted responsibility one hundred per cent and, in cooperation with the Minister of Justice (Mr. Lapointe), said that that order in council is going to have legal status from now on, and a proclamation was issued that industry shall recognize the right of the

workers to organize and from this date on accept committees of its employees through their legitimate representatives.

I think order in council P.C. 7440 must be clarified. It should really be repealed, but, if not repealed, it should at least be amended and a new start be made. It has many drawbacks.

I should like in closing to leave this thought with the minister and to make this plea. All our outstanding disputes could easily be cleared up. The situation at the Peck Rolling mills could be cured very easily. The workers in Quebec should be assured that their right to the same wage levels as prevail throughout the rest of Canada is recognized. Stop the situation in Toronto at the General Electric plant before it spreads to many other industries in that city where the workers are endeavouring to do the same thing. In the Chrysler plant at Windsor many men lost their jobs, and some of them have not yet been reinstated. These little odds and ends should be cleared up and a new start made. I know that the workers will go down the line with any man who they think is honestly interested in their welfare. The workers are reasonable, and they will assist the Minister of Labour in doing what should be done, provided he accepts responsibility.

I regret having to take up the time of the house; but in view of the fact that I am closely associated with the unions, know their point of view, and understand what they want, I wished to make a general statement in order to sum up the situation so that the Minister of Labour or any members of the government who might be labouring under the delusion that certain palliatives of the kind proposed in the bill will remedy matters might have their minds disabused of that idea. Every time you patch the thing you make it worse. A new start must be made on the basis I have indicated. We must do a good job once for all, so that we shall forget all the sectional difficulties and quarrels that beset us and put our minds to the main issue of producing machines and placing them in the field in order that we may defeat those whose intention it is to regiment us and deprive us of those rights that we have now, including the right of every one of us to rise in his place in this house and discuss matters with the rest of the members.

Mr. HANSON (York-Sunbury): I have given some study to this matter, and I should be glad if the hon. member would elaborate a little. What is the clarification which he thinks desirable and necessary in connection with order in council P.C. 7440? He ought to be specific about that, because it has troubled me a good deal to know what the point at issue is. I know the trouble in the rolling mill case. The minimum wage is too low.

Mr. GILLIS: Order in council P.C. 7440 fixed the wage rates at the 1926-29 level, and every conciliation board that has sat so far has applied that literally. The order in council states that in areas where wages were depressed at that time, the rates could be levelled up, but there never has been any levelling up. A rate of 30·7 cents an hour in the steel industry is a depressed wage, and a strike has been in progress now for a month, an endeavour being made to iron out that situation. In my opinion the board should be instructed definitely that the wages prevailing in the steel industry, in Dominion Iron and Steel, should apply in every province. That would be a clarification. Moreover, the basis for the awards of the board in fixing rates is the cost of living as set out in government statistics. But the order in council also states that any sections which may be exceptional should be taken into consideration and that increases in the cost of living might be applied.

There is unrest at the present time in Nova Scotia, and I have particular reference to the eastern end of the province. The reason I know; and a conciliation board has been sitting there. They took as a basis in fixing the wage rate the fact that the cost of living had risen 7·2 per cent since the outbreak of the war. I know that the union in cooperation with the merchants' association made a cost of living examination embracing practically the whole island of Cape Breton, particularly the area in which about 7,000 organized workers are centred, and in that examination they proved to their own satisfaction that there had been an increase of 26·1 per cent in the cost of living in that district. That figure was not their own, because the merchants' association participated in that examination.

If you expect to compensate these people for the increased cost of living by giving them thirty cents a week as a war bonus to offset an increase of 26 per cent in the cost of living, you are bound to have antagonism, and there will be a tendency to fight back. In addition to that, there is the national defence tax, and there are all the other ingredients that go to produce unrest, turmoil and misunderstanding. When a board sits, if the increase in the cost of living is to be made the basis of settlement, that board should make an examination and adjust wages to the increased cost of living. That would be a clarification.

The boards proceed on the assumption that if you were paid twenty cents an hour in 1926-29, that is the prevailing rate in that section, and they go no further. If an understanding were arrived at on these matters, it would in some degree help order in council P.C. 7440.

Mr. HANSON (York-Sunbury): That was the case in connection with the Peck Rolling mills.

Mr. GILLIS: That is pretty general throughout.

Mr. McLARTY: So far as I know, no board is prohibited from going into local cost of living conditions if it so desires. That is a matter which is in the discretion of the board.

Mr. GILLIS: Yes; but that has not been done. It will be observed that on the board held in Halifax, one of the first things that the representatives of the men were told, when they sat in, was that order in council P.C. 7440 fixed wages on the cost of living basis of 7·2 per cent, and the board took that for granted. No sectional examination has ever been made.

Again, there is the question of the right of workers to organize. I did think that order in council P.C. 7440 had some merit in those sections where the workers were not organized, in that it instructed conciliation boards to recommend union recognition. I think they gave some legal status to the order in council. That has never been done. There is no recognition in the Peck Rolling mills; the operator is not dealing with them. In the Hamilton situation, where the head of the Hamilton steel company was displaced, there was turmoil. There is no union recognition. The controller placed there by the government still refuses to do business with the union. The government is managing that plant through a controller, but who is controlling the controller? He still refuses to carry out the provisions of the order in council P.C. 7440. There is room for clarification there. Someone must accept the responsibility of coming to an understanding of what these things mean, and so declare.

Mr. McLARTY: There is nothing in order in council P.C. 7440 or P.C. 2685 compelling recognition of the right of collective bargaining. It is purely a matter of giving freedom, as they have done in England.

Mr. HANSON (York-Sunbury): It is a recommendation.

Mr. McLARTY: Yes; it is a recommendation, and, in the opinion of the government, if that is done, labour relations will be improved. I believe they will.

Mr. ANGUS MacINNIS (Vancouver East): It is to be regretted that the Minister of Labour did not introduce this legislation earlier in the session. Here we are in the last days of the session having had hardly anything to discuss with regard to labour or the labour department, not even estimates. I think this is the most serious question facing Canada to-day. The hon. member for St. Paul's (Mr. Ross) asked last week about a strike, I think in Toronto, and when he sat down I asked the minister if the plant was organized or unorganized. At the conclusion of the sitting he came over and asked me what the purpose of my question was. I told him that the purpose was to draw to the attention of the industrialists or the employers of Canada that if they were not prepared to recognize and assist legitimate labour organizations, they were going to have illegal action of that kind. It is the people of Canada, and the war effort of Canada, that will suffer. I hope the Minister of Labour and many other hon. members will to-morrow take the speech that was made just now by the hon. member for Cape Breton South (Mr. Gillis) and read it carefully. If they do, I think they will gather from it some idea of what must be done if we are going to be free of labour unrest in this country.

I mentioned during a brief discussion of the bill in committee that if it were not for the fact that I might be ruled out of order, I would draw attention to where I believe this bill had its genesis. Undoubtedly, in my opinion the idea behind the bill is to take from labour some of the advantages it now has on conciliation boards. A month or so ago, speaking in this house, I made reference to remarks made by Mr. Justice McTague in connection with a conciliation board of which he was chairman and commended his statement warmly. Someone sent me a copy of the Windsor *Daily Star* of May 28 last in which a speech made by Mr. Justice McTague on labour was reported in full. I wish to quote briefly from that speech. Having read the speech, I am satisfied that Mr. Justice McTague's usefulness in conciliation disputes is at an end. He was speaking at the Assumption college alumni dinner, I suppose it was on May 27. I shall give his position with the government so that I shall not be accused of attacking a judge.

He said:

> Labour in Canada needs leadership, responsible leadership, declared Hon. Charles P. McTague, justice of the supreme court, appellate division, and chairman of the war contracts depreciation board, Ottawa. . . .

I also think he is conciliation adviser to the Minister of Labour.

In these first words in this report of his speech, "Labour in Canada needs leadership, responsible leadership," there is the implication that to-day labour has not that responsible leadership. That is a libel on labour leadership in Canada. Mr. Justice McTague, in making a facade for his attack on labour, said this:

I am, however, in view of an attitude of mind I have observed on the part of various employers when I have been engaged on work as chairman of conciliation boards, going to make one or two historical observations. The attitude of mind I have reference to, and with some employers it persists in this year of our Lord 1941, is that they refuse to recognize the right of the workmen to band together for the purpose of collective bargaining in a union.

Then he went on to give a historical review of how the right of collective bargaining was won in Great Britain. He said:

The right of collective bargaining was expressly established by statute of parliament in 1825, and collective bargaining with all its necessary accompaniments as we understand them to-day became finally recognized as the law of the land in England by act of parliament in 1875.

He said:

Sometimes I wonder if they—

That is, the employers.

—have any realization of how old-fashioned and reactionary they are. Trade unionism has existed as such in England for two and one-half centuries. When I say that I mean trade unionism as it is to-day, not to be confused with the mediaeval guilds composed of employers and employees which existed centuries before that.

And he continued:

In the face of historical facts like these it is certainly difficult to understand some employers' attitudes to trade unionism. It is like saying the American revolution never took place, or that at least it should not have taken place.

Then, after saying those words in connection with employers, he went on to show what the ordinary wage worker was entitled to, quoting from Pope Pius XI, Quadragesimo Anno:

The wages the worker is entitled to should be sufficient to enable him to live in frugal comfort, but this is subject to the ability of a particular industry to pay that wage and also subject to the economic welfare of the nation as a whole.

A man with a point of view like that cannot be acceptable to labour as a conciliator, because labour will no longer accept the position that they are entitled only to a wage sufficient to give a frugal comfortable living. They are not going to accept that so long as they see an enormous ability to produce lying idle in this country, sabotaged because employers curtail production in the interest of profit. Then, again, labour cannot be content to be tied down to what industry is able to pay, because labour has no say in the management of industry, and what industry may be able to pay may be due to the management of industry. Then he went on to say:

If wages were to go up it would not be at the expense of the employer but to a very small extent; it would be at the expense of the national revenue. What does labour say to that as a partner? Again, there is a choice—partnership or sabotage. What does the labour leader and the union executive choose? Will it be leadership or sabotage? I have confidence enough that, when the situation is really understood and analysed, it will be partnership and leadership and not sabotage.

Mr. MARTIN: Hear, hear.

Mr. MacINNIS: Yes. But note the implication of that, the clear implication is that it is sabotage now, because the situation has not been clearly put and clearly analysed. I say again that that is a libel on labour leadership in this country.

Mr. MARTIN: If that is what it means, certainly it is.

Mr. MacINNIS: That—definitely—is what it means. It cannot mean anything else. I am coming to the basis for the amendment with which we are now dealing. The minister used this afternoon the word "technique". It occurred to me that I had seen that word somewhere before, quite recently. In his speech Mr. Justice McTague said:

You often hear of what is commonly called a technique. You all know what I mean. In the last few weeks I think I have been able to detect a new technique in labour conciliation machinery. A certain union applies to the Minister of Labour for a board of conciliation. It represents that it is the accredited bargaining agency for the employees in a certain plant. The fact may be that it does not represent the majority at all.

This is the beginning of the technique. The next step—

Mr. McLARTY: Mr. Speaker, might I interrupt? I did not use the word "technique" in relation to that at all. My reference was to technique in the matter of members of boards, and in the sense that I used it, it had nothing to do with the application for a board.

Mr. MacINNIS: Just wait a minute. We shall reach, in due time, the matter of the technique with regard to the board. I was dealing only with the first step.

The next step is that the parties appear before the conciliation board and then the question arises as to whether the union represents the men or not.

The union would not raise that question. That question will always be raised by the employer. But here it says that it is the union that raises it.

Mr. MACDONALD (Kingston City): Would that not be a fair question to raise before the conciliation board by either of the parties concerned?

Mr. MacINNIS: But why accuse union leaders of using this as a part of their technique?

The union executive then suggests that a vote be taken.

Note this.

The conciliator appointed by the union mildly and subtly suggests that the only fair way to ascertain the disputed fact is for the conciliation board to order a vote.

And then we have this gem:

The chairman and the other conciliator who usually have not the necessary experience to recognize the technique agree and a vote is authorized and held at the expense of the Department of Labour.

Here we get the full basis for the amendment to the Industrial Disputes Investigation Act which we have now before us. The other poor representatives—a judge of a superior court and a well-paid, highly-trained corporation lawyer—these poor innocents do not know what to do when this union conciliator subtly and mildly suggests what should be done; and lo, the vote is taken, and the result is, although the judge does not say so, the employees agree that they want to be represented by the union.

I did not wish to bring this out, but there is the reason for the amendment which is now before us.

Then he has something to say about order in council 7440:

To-day government policy as to labour is illustrated by order in council 7440. As a part of the national economy against rising inflationary costs of living, wages are stabilized at the 1926-1929 level or higher thereafter to the date of the order in council. Labour is to be entitled to a flat bonus against rising costs of living—again consistent with the ability of the industry to pay.

I do not think that is in order in council 7440.

In principle, there can be nothing unfair about that in time of war provided the levels in any particular industry were not unfair—and that can be only the rare case. Yet, sometimes, one gets the impression from their conduct that leaders of certain unions are encouraging a deliberate attack on the order in council.

The other day I got a return from the Department of Labour, in which there was a letter written by Mr. Justice McTague to the Minister of Labour. I wish to read that letter. I do not know that the material tabled is all the information I asked for, but undoubtedly it is all the information the minister could give me. The letter is as follows:

Toronto, April 7, 1941.

My dear Mr. Minister:

Dr. Stewart has forwarded to me various documents in connection with the Peck Rolling Mills dispute in Montreal for my formal opinion to you.

The report of the majority of the board is, I think, sufficiently within the terms of P.C. 7440 as now framed that it should not be referred back.

Then there is this paragraph:

However the report confirms me in a view which I have held for some time that it might be advisable to amend the order in council so as to bring it better in line with what I conceive to be general departmental policy.

The last few sentences of the letter are:

As this is a subject having to do with policy I feel that I should do no more than write you personally and confidentially as to the views which I have. Accordingly I am writing you a personal letter on the subject.

Therefore I imagine, there is another letter, personal and confidential. This one is not so marked; if it were, the minister would be within his right in refusing to table it.

It is regrettable that such things should happen in our country to-day. At the conclusion of his speech Mr. Justice McTague said:

Presently a lot of people are treading dangerous ground. They should be leading in the direction of preparing the way for the aftermath, not sabotaging the present. Canadian labour leaders must handle the situation so that they can look a Bevin or a Morrison or a Greenwood or a Citrine in the face, and Canadian labour must behave so that it can meet khaki, navy blue or air force blue without the blush of shame. Techniques must be abolished and honest and constructive estimation of facts must take their place.

When I was a young fellow there was a saying that distant fields looked green. I would point out that even to-day there are in Great Britain people who are suspicious of Bevin, Morrison, Citrine, Attlee and Greenwood, and who really fear what may happen if Bevin, Morrison, Citrine, Attlee and Greenwood come to power. They fear that more than if Hitler crosses the channel. I wish to say to this house that there are people in this country who are of the same opinion. There are some who are so afraid of social change that they are willing to take a chance with nazism. They must take their choice, but they cannot avoid both.

Having mentioned Mr. Bevin's name, I should like to quote something he said quite recently:

You can easily recreate wealth. You can't recreate liberty once it is gone, nor can you

recreate confidence, the spirit of cooperation and contentment in the heart of the worker after class-hatred once is implanted.

I should like to assist the minister and the government in dealing with the labour questions confronting us to-day, because I believe I know as well as any man in Canada the forces working to subvert labour.

On March 10, I discussed in the house the Hamilton Steel Car situation. I drew attention to the fact that an application for a board had been made on February 3. That situation has not yet been settled. What a field for those who wish to carry on subversive activities! How well is the field prepared for implanting doubt as to the sincerity of the intentions of the government, and the people in industry! Yet, we must deal with those things adequately and quickly, or we shall have more trouble.

There was one other difficulty in connection with the Hamilton Steel Car affair. The board took a vote of all employees in the plant with the consent of the company; yet the company refuses to allow the board to deal with any matters except in those particular departments in which the conciliation board was applied for. But there is a conciliation board sitting in connection with a strike at Kitchener. I have in my hand a copy of a letter from the Minister of Labour to the chairman of that board. It is dated at Ottawa, May 29, 1941, and states:

Dear Judge McGibbon:

Re Kitchener strikes

During the course of the day I have been interviewed by several of the Kitchener manufacturers in regard to the labour conditions existing in Kitchener and I am addressing my remarks to you as chairman of the board of conciliation and investigation.

As Minister of Labour I would like to know the reasons behind the trouble in Kitchener and I hereby authorize you to widen the scope of your board into one of investigation and a fact-finding board, so that myself and my department will be fully informed as to the reasons for the existing situation in Kitchener.

I would be glad, therefore, if you would extend the scope of your board to one of a board of inquiry or fact-finding, and report to me the reasons of all the strikes in this industrial centre.

In my opinion, that is a misuse of a board of conciliation. I have no doubt in the world that a fact-finding board in that area, and all over Canada, is needed at the present time. But I doubt very much if Judge McGibbon is the man to undertake it. It should not be undertaken without consultation with labour and employers. Such a commission would be along the lines of the one known as the Mathers commission, which went across Canada in 1919.

The point which I wish to draw to the attention of the house in reading this letter, is that in one plant in Hamilton, where the government has appointed a controller, the employees have asked that the conciliation board investigate the whole of the plant. That request was refused. On the other hand, we have the request of a few manufacturers from Kitchener, and a conciliation board is set up—

Mr. McLARTY: That request was not refused.

Mr. MacINNIS: —giving a wide field to find out the cause of the strike.

Mr. McLARTY: The hon. member is incorrect in his statement. It has not been refused.

Mr. MacINNIS: But it has not been granted; is that not correct?

Mr. McLARTY: The last application has not been granted.

Mr. MacINNIS: "The last application." Then I take it that the first application, or the previous applications were refused?

Mr. McLARTY: No; there has been no refusal. But the fact is that the application has not yet been dealt with, because the present chairman of the board, Judge Dowler, has been in communication with my department for some time in connection with the matter.

Mr. MacINNIS: Whether the last application has been accepted or not, the fact remains that when the workers asked for something, it was not done; but when a few employers asked for something much wider in scope, their request was granted, right on the spot. I say that is not the way to obtain the confidence and cooperation of labour.

Mr. McLARTY: I think I must correct what the hon. member has said. What was done was done on the recommendation of the chairman of the board, Judge McGibbon.

Mr. MacINNIS: I have just read the letter—

Mr. McLARTY: Yes.

Mr. MacINNIS:—in which the minister authorizes and instructs the chairman of the board to do certain things that the chairman would not take it upon himself to do.

Mr. McLARTY: He recommended it.

Mr. MacINNIS: I do not wish to say anything more in this connection. I am sorry that, after all the objections raised to-day, the minister has not seen fit to defer the third reading of the bill until the beginning of

next week, thereby affording himself an opportunity of thinking it over during the week-end. Here are problems which are going to require the best thought all of us can give. Leaving such a matter over for one or two days, or until such time as he might be able to judge the reactions from various parts of Canada, would not jeopardize the effectiveness of the measure.

Hon. N. A. McLARTY (Minister of Labour): Mr. Speaker, I was going to make a brief answer to certain points which have been raised. If it is desired, I could do so when my estimates are before the committee of supply.

Mr. COLDWELL: It would be better to have the reply in this discussion on the bill.

Mr. McLARTY: Then, Mr. Speaker, if there is no objection I shall make my remarks now.

Some hon. MEMBERS: Go ahead.

Mr. McLARTY: The debate has covered a wide range of matters, and I do not think I should attempt to deal with each individual case which has been investigated by an industrial disputes investigation board. There are quite a number of them, and possibly I could take up one or two now and leave the rest until we are considering the estimates of the department.

I consider that the decision in the Peck Rolling mills case was an unfortunate one, it being based more upon the company's capacity to pay than upon any other basis. The result was that we amended the minimum wage section and raised the rates of pay for those employed in war work throughout Canada. I would point out that the matter of minimum wages is primarily and essentially a provincial one. In other words, the province is responsible for wages.

Reference was made to Kitchener. I may say that the chairman of the board came to see me, and I discussed the matter with him. He told me that he thought the reference was a little limited. He was not referring to it on behalf of industry or on behalf of labour; it was simply as chairman of the board. He asked me if I could widen the scope of the investigation. It so happened that I saw the manufacturers that day, but no suggestion came from them. I deemed it a reasonable request that the board should be permitted to go into not only the petty issue, but any other issues which might be cause for trouble.

The suggestion has been made that the government should make the provisions of order in council P.C. 2865 coercive, that we should compel collective bargaining. The provisions of that order in council are not mandatory; they are simply a recognition that in the opinion of the government this would be the best way to produce satisfactory labour relations in war time. If you enter into the field of compulsion on the one side, you have to enter it on the other, and then you stir up inevitable difficulty. One trouble leads to another. If you have compulsory recognition, then you must have compulsory arbitration, and I believe that the labour organizations of this country are not in favour of that.

There are a number of other matters. Reference was made to the address of Mr. Justice McTague, and I am sorry it was thought necessary to bring that up. Mr. Justice McTague enjoys a high reputation as a judge in the province of Ontario and I believe he has proven consistently that he is a friend of labour. I think the hon. member for Vancouver East (Mr. MacInnis) will agree with that. It is a little unfair to extract one sentence from his speech—

Mr. MacINNIS: Not one sentence, the whole speech.

Mr. McLARTY: The sentence to which the hon. member paid the most attention was a very brief one. I rather doubt that Mr. Justice McTague meant exactly what the words convey in connection with the lot of workers in Canada. The fact is that his actions do not correspond with those words. I do not believe there has been an occasion where Mr. Justice McTague has not secured the support of the workers in connection with the work of any conciliation board of which he has been a member, and he has been a member of quite a number. He has a wonderful record, and I think in fairness to him I should state definitely that some misconstruction has been placed upon the words he used, perhaps unintentionally. A number of labour leaders have come to me and have told me what a splendid chairman Mr. Justice McTague has made.

I think an almost unfair attempt is being made to give the impression that this bill is directed against labour. It is not. I can state quite frankly that one of the reasons which prompted its introduction was what happened in the Peck Rolling mills case. This bill is not directed against labour in any way, shape or form. The fees paid under the Industrial Disputes Investigation Act, while perhaps not large, have made it easy for labour to get representation upon these boards. They are not doing it merely for the sake of the money but in order to try to produce peace and harmony. The only purpose of the bill is to see if we cannot rehabilitate the impartiality of the boards and get unanimous

reports. That is not militating against the interests of labour in any way, and it is not designed that it should.

There are a number of incidental matters which have been brought up, but I think it will be well to let them stand while we are on the third reading and take them up when the departmental estimates are under consideration.

Motion agreed to, and bill read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

The house resumed consideration in committee of Bill No. 98, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National railways system during the calendar year 1941, to provide for the refunding of financial obligations and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.—Mr. Ilsley—Mr. Fournier (Hull) in the chair.

Section 1 agreed to.

On section 2—Power to issue securities for refunding and capital expenditures.

Mr. HANSON (York-Sunbury): So far as I can observe, this bill follows the resolution. Is it the bill usually presented on such occasions, or does it contain any new provisions?

Hon. J. L. ILSLEY (Minister of Finance): It is the usual bill except that there is a provision relating to pension funds.

Section agreed to.

Sections 3 to 5 inclusive agreed to.

On section 6—Power to aid other companies.

Mr. MacINNIS: I assume that this is restricted to assisting other companies controlled by or a part of the Canadian National railway system?

Mr. ILSLEY: This is the same as the section in the act of last year. It is to enable the Canadian National Railway company to assist companies in which it is interested, in which it owns all or part of the stock. I think the term "said companies" refers to the companies mentioned in section 3 of the bill. That is "any one or more of the companies or railways comprised in the said national railway system." Section 6 uses the words "any other or others of the said companies and railways." I think this refers to the companies or railways comprised in the said national railway system. Where the words are used in section 3, there is no doubt that that is the meaning of the reference.

Mr. HANSON (York-Sunbury): I do not think anybody could possibly give it any other interpretation.

Section agreed to.

On section 7—Guarantee.

Mr. COLDWELL: These clauses more or less deal with financing. Has the minister any idea as to the rate of interest to be paid on these securities? I suppose they are government guaranteed bonds and will be issued at practically the same rate of interest as government bonds.

Mr. ILSLEY: I cannot speak accurately on that. The rates vary with the terms of the bonds. It would be the market rate. My recollection is that the return on government guaranteed securities is usually slightly greater than the return on government securities, but only slightly.

Mr. HANSON (York-Sunbury): That is quite right.

Mr. COLDWELL: What will be the terms of these bonds.

Mr. ILSLEY: They will be issued from time to time.

Mr. COLDWELL: It is left to their discretion, and the term will govern to some extent the rate?

Mr. ILSLEY: Yes.

Section agreed to.

Section 8 agreed to.

On section 9—Proceeds paid to credit of Minister of Finance in trust.

Mr. HANSON (York-Sunbury): What are the terms under which the proceeds are released? What evidence is supplied to the minister? I was familiar with it once; I do not know now. Is it just a resolution of the board of directors? While the minister is looking that up, may I call attention to the fact that subsection 1 provides that the proceeds of the sale of these securities are to be paid to the Minister of Finance in trust. Subsection 2 provides for the application for the release of any part of the proceeds. But on what evidence are the proceeds released? Is it the mere resolution of the board of directors?

Mr. ILSLEY: I am not familiar with exactly what is done.

Mr. HANSON (York-Sunbury): That is what this section says, and I wondered whether a mere resolution was sufficient?

Mr. ILSLEY: There are safeguards. The board of directors would proceed by way of resolution to authorize a capital expenditure, and it is also authorized by the governor in council. The method of application is set out in subsection 2 of section 9.

Mr. HANSON (York-Sunbury): That only means a resolution.

Mr. ILSLEY: But that does not mean that they can move behind the back of the governor in council.

Mr. HANSON (York-Sunbury): I am not suggesting that.

Mr. ILSLEY: They must comply with the law about their expenditures. This section merely relates to the method of getting release of the funds. The railway goes to the Minister of Transport, and the Minister of Transport goes to the Minister of Finance, who releases the funds.

Mr. HANSON (York-Sunbury): What I am suggesting is this, that a mere resolution of the board is all that is indicated in the section. My understanding of the position is that in the finance department there is an officer whose duties involve—I will not say the complete control—following these guaranteed operations very closely. He is the man who has to be satisfied before the minister authorizes the release of any of these moneys. Mr. Roberts used to have that position, I think, some years ago before he was transferred. I have no doubt as to the regularity of the proceedings. I do not think the railway will get any of this money unless it conforms with the intentions of parliament, but I was just wondering whether some other evidence more than a mere resolution of the board of directors should not be required. In the case of trust deeds, before you can get moneys of this kind released, you have to go a long way further than this. You have to acquire the new security upon which the bonds are to be issued. I quite agree that the government in railway financing would not need all that, but a mere resolution does not seem to be enough. There ought to be some evidence that would set out the whole position so that, if there was error, it could be checked, instead of leaving it all to just a resolution of the board of directors. These matters soon become routine unless you require more than that.

[Mr. R. B. Hanson.]

Mr. ILSLEY: The expenditures must be authorized.

Mr. HANSON (York-Sunbury): What evidence of the expenditures is required other than the passing of a resolution? That is one of the things about which I am thinking.

Mr. MULOCK: It is in the discretion of the Minister of Transport, by lines 30 and 31 on page 3 of the bill.

Mr. HANSON (York-Sunbury): I know, but that is just a matter of his approval. What evidence is supplied to him?

Mr. MULOCK: The Minister of Transport may in his discretion approve.

Mr. HANSON (York-Sunbury): His discretion does not mean anything. I do not wish to be abrupt, but I do not think the hon. member who has interrupted knows anything about the matter. I should be quite surprised if he did. What I am suggesting is that this money is paid out on the basis of a resolution of the board of directors and on that alone, and that would not be enough for other corporate financing. It may be enough for the government-owned railways.

Mr. ILSLEY: I presume that the comptroller of the treasury has control of this, and the finance department would be careful that money did not go out that was not for an authorized expenditure.

Mr. HANSON (York-Sunbury): So long as it was within the terms of the statute.

Section agreed to.

Section 10 agreed to.

On section 11—Contribution to Intercolonial and Prince Edward Island railways employees' provident fund.

Mr. HANSON (York-Sunbury): Just what is contemplated under this?

Mr. COLDWELL: If we are going to have a discussion of this clause, Mr. Chairman, I would point out that it is six o'clock, although I would be quite willing to continue sitting for a few minutes.

Mr. HANSON (York-Sunbury): I should like to ask one question now because I cannot be here at eight o'clock.

Mr. COLDWELL: That is all right.

Mr. HANSON (York-Sunbury): What is contemplated to be paid into the provident fund this year? I recognize this fund as an old friend, and I have no doubt that these supplementary contributions are necessary. I am not opposing them because the fund is not adequate to take care of what is to be paid under it. Some of the older employees

come under this fund, and they think they should be treated the same as the men they work alongside who come under the new fund. How much is intended to be paid into the fund this year?

Mr. ILSLEY: There are two funds here. One is the Intercolonial and Prince Edward Island railways employees' provident fund.

Mr. HANSON (York-Sunbury): Yes; that is the old one.

Mr. ILSLEY: The other is the Grand Trunk Railway of Canada superannuation and provident fund. The amounts that have been paid by the railway into the Grand Trunk Railway of Canada superannuation and provident fund, in the years from 1936 to 1940 inclusive, have been $100,000 a year. I can give the reason why these payments had to be made.

Mr. HANSON (York-Sunbury): I am not asking that.

Mr. ILSLEY: The other fund is the Intercolonial and Prince Edward Island railways employees provident fund. Regulation 4 provides that his majesty shall contribute annually to the fund out of gross earnings of the railway an amount at least equal to the total monthly contributions by employees, but not exceeding in any one year $100,000, in such sum or sums as the governor in council from time to time determines to be necessary for the maintenance of the fund. In 1940 the railway paid, as a special contribution to offset the deficit in this fund, the sum of $1,443,511.

Mr. MacINNIS: How many employees are covered?

Mr. ILSLEY: The number of contributors in 1940-41 was 7,972. The number in receipt of pension in 1940-41 was 2,044.

Section agreed to.

Section 12 agreed to.

Section 1 agreed to.

Bill reported, read the third time and passed.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSOLIDATED FIRE AND CASUALTY INSURANCE COMPANY

On the order:

Mr. NEILL: I rise to a point of order. I submit that this process will not be legalized unless whoever is leading the house moves that we suspend the resolution passed February 17. We can pass that by unanimous consent, otherwise this procedure is not in order.

Mr. MULOCK: It was so stated last night, and I move to that effect.

Motion agreed to.

The house in committee on Bill No. 62, respecting Consolidated Fire and Casualty Insurance Company—Mr. McIlraith—Mr. Fournier (Hull) in the chair.

On section 1—Classes of insurance authorized.

Mr. STIRLING: Would the sponsor of the bill give a short statement explaining its purport?

Mr. McILRAITH: This company was incorporated in 1930 to carry on a general insurance business. It was authorized by section 6 of the act of incorporation to carry on several different classes of insurance, but the main business was fire insurance. Since that year, insurance practice has changed considerably, and it is now customary to include in a fire insurance policy classes of insurance that were not included at that time. In addition to that, this year the regulations defining the classes of insurance have been amended. These regulations may be found in the *Canada Gazette*, volume LXXIV, page 3072. The changes in the definition of the various classes of insurance have also made it necessary that the new classes be authorized. Therefore, while certain new classes of insurance appear to be authorized by section 1 of the bill, it is not quite fair to say that those classes are entirely new; part of them are merely covered by the change in definition and by the change in insurance practice. It is impossible to be precise about the extent to which the classes of insurance authorized by the amending section 1 are new.

Section 2 of the bill merely deals with the amount of capital required before the company may engage in any particular class of business. That is made necessary by reason of the changes in the previous section. There is no substantial change; it is a change in form rather than in substance, in order to bring the section dealing with authorized capital into line with the object section of the act.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

THE ROMAN CATHOLIC EPISCOPAL CORPORATION OF JAMES BAY

The house in committee on Bill No. 63, to incorporate the Roman Catholic Episcopal Corporation of James Bay—Mr. McIlraith (for Mr. Chevrier)—Mr. Fournier (Hull) in the chair.

Section 1 agreed to.

On section 2—Property of corporation.

Mr. CASTLEDEN: How much land is covered by this diocese?

Mr. McILRAITH: Possibly I might be able to give some information on that point. The sponsor of the bill is not in the chamber, and I happen to have some knowledge of it from memory and familiarity with the bill in the committee stage.

The area covered is very large, but the actual population in the area is very small. The population is, I understand, some 5,300 Indians, about 120 white people and a few Eskimo. I am sorry I cannot answer the hon. gentleman's question as to the exact area.

Mr. CASTLEDEN: I think in committee they mentioned that there were something over 500 square miles of territory covered, and section 2 reads:

All lands, tenements, hereditaments and property, real and personal, now or hereafter belonging to and used, held, occupied and possessed or enjoyed by the said Right Reverend Henri Belleau or his church, in communion with the Roman Catholic Church, or by the corporation, and which are situate within the said vicariate apostolic of James Bay, are declared to be vested in the corporation.

This means that any property which may now or in future come into the possession of this reverend gentleman will also become the property of the corporation. Therefore I thought it would be well for the committee to know how much territory was covered.

Mr. MARTIN: It is the diocese.

Mr. CASTLEDEN: I wanted to know where the diocese was situated.

Mr. LAPOINTE (Quebec East): It is the area surrounding James bay. It does not cover the whole territory, but it covers the property.

Mr. MARTIN: I am sure the bishop wishes he had less territory.

Mr. LAPOINTE (Quebec East): To be owned by the reverend bishop, but instead of his owning it personally it will be a corporation.

Mr. CASTLEDEN: Is there any limitation to the property owned?

[Mr. McIlraith.]

Mr. LAPOINTE (Quebec East): No. Why should there be?

Mr. COLDWELL: It might be one church and one rectory.

Mr. McILRAITH: Perhaps I can throw some light on that also. It is largely what they describe as mission territory, and the church property is now held by the Right Reverend Henri Belleau in his own name. It is intended that this property shall be put in the name of the corporation now being created by this bill. Practically all the property now held is in the name of the Right Reverend Henri Belleau, and very little of it is held otherwise.

Section agreed to.

Sections 3 to 8 inclusive agreed to.

Bill reported, read the third time and passed.

VIVIENNE RHODES WHITAKER STOREY

The house in committee on Bill No. 66, for the relief of Vivienne Rhodes Whitaker Storey—Mr. Emmerson—Mr. Fournier (Hull) in the chair.

Section 1 agreed to.

On section 2—Right to marry again.

Mr. NEILL: I should like to ask if the sponsor of the bill, or anyone else who knows, can explain to me the inconsistency between sections one and two, and which is found in all these divorce bills. The first section reads:

The said marriage between . . .

I will not give the names; there is no use in embalming the names of these unhappy people in *Hansard*. The said marriage between this woman and her husband—

. . . is hereby dissolved, and shall be henceforth null and void to all intents and purposes whatsoever.

That seems final and definite. The second section reads:

The said . . .

Giving the lady's name.

. . . may at any time hereafter marry any man whom she might lawfully marry if the said marriage with the said (man) had not been solemnized.

Either that is unnecessary, or else it should have gone further and conferred the same right on the man. If section one is correct when it says that the marriage is null and void, there is nothing more to it; nothing more is needed; but if it is not enough, and it is necessary to confer the right of remarriage on the woman, the petitioner in this case, it is also necessary and advisable to confer it

on the other party. I would suggest that the form be changed. I do not wish to hold up the bill and have it stopped, but certainly there is an inconsistency.

Mr. LAPOINTE (Quebec East): Unfortunately the other party is able to marry again, too. I have already advocated that there should be a clause that the party against whom the divorce is granted should not be entitled to marry again, but it was not accepted by parliament. Both parties have the same freedom.

Mr. NEILL: At any rate, the bill should read one way or the other. Now, it seems to throw a doubt: it says that one party may remarry, but it does not say the other may.

Mr. HOMUTH: The divorce law provides it.

Section agreed to.

Bill reported, read the third time and passed.

ANN ELSIE BUCKLEY

The house in committee on Bill No. 89, an act for the relief of Ann Elsie Buckley—Mr. Bercovitch—Mr. Fournier (Hull) in the chair.

On section 1—Marriage dissolved.

Mr. NEILL: I want to say a few words on this. I am using it only as an illustration to show what a burlesque this procedure is. I have no objection to this particular bill, and I shall not long detain the committee.

The other night the leader of the opposition—

The ACTING CHAIRMAN (Mr. Fournier, Hull): I have to call the attention of the hon. member to the fact that the present procedure is the procedure which must be followed in connection with the adoption of these bills. There is an inquiry into these bills in the senate, and they go before the private bills committee before they come here. I do not think the word "burlesque" should be applied.

Mr. NEILL: I beg your pardon, Mr. Chairman. I will withdraw the word "burlesque". If I can think of a suitable substitute, I shall supply it later on. For the time being we shall call it "the proceedings". I do not believe that the word "burlesque" would be any worse characterization than this language:

> The action of this house in respect of the measure was much more governed by reason and common sense than was the action of the other house.

That was an expression used in the senate about a bill we passed two or three days ago. However, we shall let that go.

The other day the leader of the opposition made the comment that it would be a good thing for the public life of Canada if we had an official equivalent to what is known in the old country as the king's proctor. To those who may not be familiar with that term, I would explain that he was an eminent lawyer appointed to keep a watchful eye on lawsuits, in the public interest, and if he saw a palpable miscarriage of justice he was supposed to intervene. Very often he did so in connection with divorce bills, where he had reason to suspect collusion.

Three things are required in connection with the passage of a divorce bill. These three things must be proved. The first is the matter of domicile. The second is the question of non-collusion between the parties. That is, it must not be a frame-up. The third is that adultery has been committed. Whatever our feelings about divorce may be, that is the law. The law requires these things. It must be proved that there was no collusion. This is generally done by getting the petitioner to make an affidavit. In this particular case this is the affidavit, the statement made under oath:

> Q. Is there any collusion between you and your husband with respect to this divorce?
> A. No.
> Q. Is there any connivance—connivance means consent or acquiescence—in respect of this divorce?
> A. No.

That, of course, was made under oath. Let us look at these facts. I shall recite them briefly, and if hon. members think there has not been collusion—well, then, of course, I am wrong. We find in the evidence that the lady visited her husband some weeks before these proceedings started, and slept in the same bedroom with him. Of course there was no suggestion of arranging a divorce, at all! However, they had a discussion, and she said she was not going to have anything more to do with him. Still, they were quite friendly, apparently—at any rate they slept in the same bedroom.

All this happened at Kingston. I have always understood that Kingston is a place where there are things like hotels, and where they have plenty of accommodation. It was not a case of going out into the bush, and having to occupy the same place. At that time she was drawing an allowance from her husband from the Department of National Defence, because of his being a soldier. She was still drawing it at the time of these proceedings.

The next thing to which I would call the attention of hon. members is the evidence of the detectives. They must have been rank

amateurs, from the way they went about their business. Perhaps it is because of my mean disposition that I come to this conclusion, but if there is not a thread of collusion running through this whole thing, then I am badly mistaken. The detectives, or the snoopers as they are sometimes called, consisted of a father and his son. They were of Jewish persuasion, and evidently did not believe in working on Saturday. It will be noted from the evidence that, curiously enough, these things always happened on Fridays. They spotted this man on August 9, again on August 16, again on August 23 and again on September 6—and again, curiously enough, it was always about the same time, namely, a little before six o'clock, or about that.

Mr. HOMUTH: Just before sundown.

Mr. NEILL: Yes. In the other chamber somebody has curiosity enough to ask the question as to where this man had been, owing to the fact of his being a soldier. The answer was that he was at Petawawa on the dates mentioned. It was said that he was not on leave on the days in question, with one exception, but that he might have got leave from his commanding officer after the day's work was done. Petawawa is 120 miles from here, and I should think he would have quite a job to get through his work, and get down to Hull, where these things are supposed to have happened—and always to be there around six o'clock. However, the two witnesses agreed that he was there.

When a man goes out to be unfaithful to his wife, he does not generally advertise it. He does not herald it from the housetops. He generally chooses secrecy. This gentleman on the other hand seemed to be almost ostentatious in his infidelity.

Mr. MacNICOL: Bragging about it.

Mr. NEILL: Finally, in the evidence which is really to the point—and again this is on Friday, the 6th, at 6 p.m.—the detective saw this man, as he put it, go into the hotel and sign the sheet. He does not say what kind of sheet it was. Then they watched. There was the usual performance—I might be reciting the facts of any one of fifty divorces; they all read the same. A man stands to the left of the man who signs the register, and then he is able a few weeks later to swear to it. It is almost phenomenal that they should be right beside the man who signs, and just at the right time—or the wrong time.

Well, at eleven o'clock these two gentlemen went to the door and knocked. I have read some of these divorce cases, and in most of them the gentleman concerned usually chose to be snappy, or had some objection. Sometimes they even went so far as to tell the other person to get out, sometimes to mention where he could go to, or ask what he was doing there. But that was not the situation here, at all! What happened was this: He went there, and he was received almost with open arms. He knocked at the door and said, "What time are you going back to camp?" And then the evidence continues:

So before I had finished speaking the door was opened by—

Lieutenant So-and-so.

—and when he opened the door I told him I had been watching him on behalf of his wife's solicitor. He said, "What for?" I said, "Divorce proceedings." So we got talking. He said, "You are not going to the camp?" I said, "No." Meantime someone was coming along the corridor, so he opened the door wider and we went inside.

Just a nice, friendly get-together meeting!

Mr. LAPOINTE (Quebec East): A party.

Mr. NEILL: There was no objection, at all. "Come inside", he said, "there is somebody coming down the passageway." Then he was asked to tell the lady's name who was lying there. The answer was that she was Miss somebody—I will not drag her name into it, because I think she is the most respectable of the whole lot.

The proceedings more or less terminated at that point. Does all this not suggest collusion? Read the whole thing through. Apart from all that, I would call attention to the sloppy way—I believe the Chairman will permit me to use that word; we will call it "sloppy"—in which this evidence was collected.

Thus, when these snoopers were watching they saw the corespondent and the respondent meet together, and "they both shook hands." What kind of lay-out would it have been if only one of them had shaken hands? But all this is solemnly recorded as part of the evidence, as to why this woman should get a divorce. The evidence states that:

. . . they both shook hands and went into the dining room.

They stayed there no less than two hours. Then, we find this later on, regarding the lady, one of them having discovered her as follows—and I would not shock your feelings, even if the house were full of ladies, because she is described in this way:

Her face was bare, and her shoulders were bare.

Well, you can go to the governor general's assembly in this building and find ladies much more bare than only their shoulders and faces. But, in this case, "Her face was bare"—

perish the thought! Yes, "Her face was bare" —what kind of stuff is that? Does that comply with reason and with common sense?

I do not suggest that we should reject this bill, because it was not properly established. We are following the usual sloppy, inefficient, unfair, non-legal way of doing it. But it does suggest a definite need either for a king's proctor or, still better, for amending the laws so that these cases will be tried before courts, where matters of this kind should be taken care of.

Mr. LAPOINTE (Quebec East): My hon. friend would make a good king's proctor.

Mr. McIVOR: I do not wish to give the Minister of Justice an extra job, but I suggest that if he could find some way of taking out of these proceedings provision for the right to marry again, he would find there would not be so many seeking divorces. I know one case of a lady who had been married twice and who wanted a divorce in order to get married again. Such procedure does not make for the upbuilding of Christian homes in the Dominion of Canada. I do not read through the evidence of these divorce bills, or very many of them; one is enough. We should throw out the whole procedure and bring in something more in keeping with the upbuilding of Christian homes in the Dominion of Canada, and then there would be fewer divorces.

Mr. LAPOINTE (Quebec East): I agree with my hon. friend. If we were to eliminate the section giving the right to marry again. the number of divorces would be greatly decreased.

Mr. ROSS (St. Paul's): A number of the provinces grant divorces in the courts, not to make it easier but to make it cheaper. I call the attention of members of the House of Commons to the fact that it costs about $50 a minute to have the house sit here. I think it is too much to ask us as members of the House of Commons to spend time in debating this question of divorce when we have nothing at all to do with the manner in which the bills are brought before us. I protest against the whole procedure.

Section agreed to.

Section 2 agreed to.

Bill reported. read the third time and passed.

UNITED GRAIN GROWERS LIMITED

The house in committee on Bill No. 65, respecting United Grain Growers Limited—Mr. Thorson—Mr. Fournier (Hull) in the chair.

Section 1 agreed to.

On section 2—Characteristics of new shares.

Mr. PERLEY: Might we have an explanation of this section from the sponsor of the bill?

Mr. THORSON: This proposed division of the shares and the attaching of certain rights to the divided shares came before the annual meeting of the company in 1939, and the directors were authorized to work out an amendment and devise a plan. The proposed amendment came before a meeting of the delegates in November, 1940, and the request that parliament should be asked to sanction this division of the shares was approved unanimously by the delegates, 284 in number. Some of the details of the plan were objected to by two delegates, but otherwise the approval was unanimous. This division of the shares and the attaching of certain rights to the shares are made desirable on account of certain limitations imposed upon the shares at the present time. Shares can be owned only by farmers or their wives, and this means that when an owner dies or ceases to be a farmer, his shares cannot be transferred to anyone who is not a farmer. The whole scheme has been thoroughly discussed by the shareholders.

Mr. CASTLEDEN: I do not wish to oppose the wishes of the majority of the shareholders as expressed at the annual meeting, but there are some observations which I think should be made at this time. This bill destroys the very principle upon which this company was founded in 1911. At that time the farmers wanted to protest against the accumulation of profits of the grain exchange going into the hands of persons other than farmers, and this company was formed for the purpose of having the profits which arose out of the operations of the farmers accrue back to the grain growers themselves. It was originally provided that all shares should be held by farmers and so forth. I have a copy of the minutes of the annual meeting, and an outline is given of the plan of capital stock organization. This is:

> For each share of capital stock (par value $25) there be issued one class "A" or investment share, par value $20, and one class "B" voting share, par value $5, subject to the following rights and limitations.
>
> In carrying out the division not more than four class "B" or voting shares will be allotted to any one shareholder. To the extent his present holdings of shares will permit and subject to the consent of the directors, a shareholder may elect to receive "A" (investment) shares only.

These are the qualifications with respect to class "A" or investment shares:

> Dividend—the right to a preferred dividend as earned (non-cumulative) of five per cent.

The bill does not contain that qualification; the rate of 5 per cent is not mentioned in the bill. There is no restriction on ownership, but the restriction on holdings is limited to 250 shares. They would have no voting rights and would be redeemable by purchase at market price, or, on call, at $24 a share. A preferred dividend of 5 per cent is paid upon the investment shares, apparently in lieu of their having the right to vote. Subsection 2 of section 2 is out of line with what the annual convention of last November demanded. I maintain that this bill does not express the wishes of these people. For the past week I have been trying to get in touch with some of the shareholders of United Grain Growers Limited, but, as was the situation with ten other companies to which I wrote, I could not get a list of the shareholders because they said it was not published. In view of the fact that this subsection is not in line with the resolution passed by the convention, I think we ought to postpone passing this bill until it has been completely ratified in its present form at an annual convention.

Mr. THORSON: The essential character of the company is preserved in every respect. With regard to the other points raised by the hon. member for Yorkton; first, with regard to the preferred dividend, it is true that the rate of the dividend is not specifically included in the bill; but if the hon. member will look at section 1, subsection 2, he will see that the powers which are to be exercised as a result of the passing of this bill must be exercised:

> . . . by the enactment by the directors of the company of a by-law in accordance with the terms of a resolution approved by at least two-thirds of the delegates present at a general or special meeting duly called for the purpose of considering such resolution and held either before or after the passing of this act.

That resolution was passed at the annual meeting in November, and therefore the resolution and the plan that was adopted at that annual meeting become the foundation for the whole bill. Therefore in that way the rate is fixed by implication.

Mr. ROSS (St. Paul's): Might I ask whether the resolution was passed by a vote of the delegates at the convention?

Mr. THORSON: Yes.

Mr. ROSS (St. Paul's): We were informed in the private bills committee as to the number of delegates present. Perhaps it might assist this committee to know the number of delegates who were at that meeting and whether they were unanimously in support of the resolution.

[Mr. Castleden.]

Mr. THORSON: There were 284 delegates present at the annual meeting, and I think every local in the company, with the exception of three, was represented at the annual meeting.

Mr. CASTLEDEN: By voting delegates?

Mr. THORSON: By voting delegates. The resolution to divide the shares was passed unanimously without a dissenting voice. The resolution approving the plan was passed by all the delegates with only two dissenting votes.

Section agreed to.

On section 3—Shareholdings of delegates, etc.

Mr. ROSS (St. Paul's): I think this bill should have been sent to the banking and commerce committee instead of to the private bills committee. I do not know why it was ever sent to the private bills committee.

Mr. HAZEN: May I ask the sponsor if this bill will get over the difficulty that was faced on account of the fact that the shares are to be owned by farmers or lessees or farmers' wives or farm owners? Will the same difficulty not arise later on when some of the present owners of the shares die, or does the bill take care of that?

Mr. THORSON: I think the passing of this bill will bring the character of the company more in line with its essential purpose of being exclusively a farmer-owned company, because the shares to which voting rights are attached will be reduced in their value and can therefore be more easily sold to farmers than the present existing shares.

Mr. CASTLEDEN: That is quite true, that the farmers are going to have control, but the majority of the profits accruing from the operations of the company will go into the hands of those who are going to hold the preference shares, and they do not need to be farmers. One preference share valued at $20 and one common share at $5 are to be substituted for each old share. The information given to the private bills committee was to the effect that almost half the original shares had passed into other hands through farmers dying or retiring or willing these shares to someone else, and that they were not now in the hands of actual farmers. Those who hold or can get control of these shares, which are probably worth nothing if the holders are not farmers, will immediately have shares in their hands to the value of perhaps $25 or $30, and the information given to us in the committee was that within the past two years some of these shares have sold for

as low as $6 and $6.50. The market for the shares of such a company is restricted to farmers, and the price of the shares is a reflection of what is happening to agriculture, in the west particularly. The farmers have no money to invest in anything. They are trying to keep alive. But if the shares do start paying dividends, say of $1.50 a share, there may be farmers who would be willing to pay $1.50 for them; and if the company is left as it is, the agricultural population will benefit from its operation as one of their own businesses. Is it not true that the largest share of the profits of the company will be in the form of preferred dividends to the people who own the preference or class A shares?

Mr. THORSON: The hon. member forgets that all the holders of these shares will receive, in return for the shares they now hold, two shares, one of which will be the voting share, and the other the investment share.

Mr. CASTLEDEN: I stated that.

Mr. THORSON: That should answer my hon. friend's question.

Mr. ROSS (St. Paul's): I do not quite follow the argument of the hon. member for Yorkton when he says that this is going to restrict the number of shares held by farmers. I am not a western farmer, but I have followed this bill carefully through the private bills committee, and as I see it, this bill is going to result in a much wider distribution of these $5 shares. Farmers are not precluded from investing in the dividend shares, the preference shares, if they wish to invest in them. I think the hon. member ought to think the matter over a little more carefully.

Mr. PERLEY: How many shareholders are there at the present time, how many were there when the company was first incorporated, and what is the present value of the shares?

Mr. THORSON: The number of shareholders as at August 1, 1940, was 26,850, and the book value of the shares was approximately $40.

Mr. PERLEY: Would the hon. member tell us what dividends which have been paid in the last four or five years, going back, say, to 1936?

Mr. THORSON: With regard to the last four years, no dividends were paid in 1937, 1938 and 1939, but in 1940 five per cent was paid.

Mr. PERLEY: The hon. member said that the book value of the shares was $40. What is the market value?

Mr. THORSON: The market value prior to 1929 ranged from $25 to $30, but since then the market value has gone to as low as $6.50 a share, and they are currently selling at around $9.

Mr. NICHOLSON: Has the sponsor of the bill any idea of what the value of these shares will be after this legislation is passed?

Mr. THORSON: No one can foretell the future value of shares.

Mr. CRERAR: I may be pardoned for intervening in the discussion since for twenty-two and a half years I was president and general manager of this company. The hon. member for Yorkton is, I am afraid, not very well informed either upon the history of the company or upon the provisions of this measure.

Mr. CASTLEDEN: I was merely trying to get some information.

Mr. CRERAR: The company was incorporated, not in 1911, but in 1906, by letters patent issued in the province of Manitoba. It then sought dominion incorporation by special act of parliament in 1911, and that act of parliament was, as I recall it, further amended in 1916.

This company started as a farmers' company. There were definite and strict limitations in the matter of qualifications for the holding of stock. Only farmers and farmers' wives were eligible to be shareholders, and the par value of the shares was $25. In the early years from 1907 to 1917 or 1918 the company secured by far the greater number of its shareholders. The hon. member for Selkirk has given the number at the present time. Consequently we had in the early years of the company thousands of shareholders scattered over the prairies, all farmers, since only farmers could qualify as shareholders. Many, however, did not remain farmers. Some left the farm and went into business, becoming merchants or implement dealers or preachers or school teachers or something else, and so passed from the rigid qualification of farmer into some other class.

As time went on, many of the shareholders died, and there arose the problem of the disposal of shares by their estates. That accounts for the remarkably low value which the shares reached a few years ago. On any reasonable valuation of the assets at the present time, the shares are worth from $35 to $40. Why then does the farmer who wants to sell his shares not receive that amount? He cannot on account of the limited market there is for them. It may be that the depressed conditions of agriculture

have militated against the ability of executors of estates to find a market for the shares among those qualified to hold them.

It is that very condition which this bill proposes to cure, as I understand it. At the same time, it retains the essential principle whereby the farmers continue to hold control of the management and direction of the company. Shares of a new class are created which may be held by merchant or preacher or anyone else, but the return which they can get on those shares is limited to 5 per cent. That is not an unreasonable return to people who have invested their money, having supplied the capital that went into equipment, buildings and other necessities which the company required.

I may tell the hon. member for Yorkton, if he has studied the history and practice of the large cooperative organizations in Great Britain, where they have carried the cooperative idea to a greater extent than we have in Canada, he will find that one of the essential provisions in their charter to do business is that the first charge on profits is a return on capital invested; and a few years ago, and I presume it is still the situation, this provided a return of 6 per cent. In this case the company proposes to give to those who supplied capital, under this new arrangement with regard to shares, a return of 5 per cent, and I do not think that can be regarded as unreasonable. Thus the limitation is 5 per cent return to those who may hold shares of the class described in the bill, and the essential principle is retained that the control and direction of the company remain in the hands of farmers and cannot be taken away from them.

The bill is a necessary measure to meet the changed conditions that have arisen through the change in the ownership of the stock and the movement away from the essential provisions in the charter of incorporation, that only farmers should hold stock. It simply provides a means of rearranging that, retaining the vital principle of control.

Mr. CASTLEDEN: I thank the minister for his explanation. I did use the word "organized", and I suppose I should have said "constituted", in 1911. I believe the minister left out two other dates. There were amendments in 1915 and 1918.

Mr. THORSON: In 1917.

Mr. CASTLEDEN: And in 1918 as well. The point is that the profits accruing out of the operation of United Grain Growers Limited, through this bill, can now go to persons who are not farmers. Like the minister, a good many farmers who were originally in the business have gone into some other occupation, being no longer engaged in agriculture. I should like to have a statement of what percentage of the shares—are there not 26,000 shareholders?—are in the hands of farmers, and the number that are not.

Mr. THORSON: I do not know that I can give the exact percentages, but the number of shares that are not in the hands of farmers is only a very small fraction of the total.

Mr. CASTLEDEN: Approximately what?

Mr. THORSON: I do not think I can give the figures. I believe there are only one or two thousand.

Mr. JOHNSTON (Bow River): That is, at present?

Mr. THORSON: Yes.

Mr. JOHNSTON (Bow River): What will it be after the bill goes through?

Mr. THORSON: The reason why these shares are not in the hands of farmers is that, in most instances, they belong to estates, and the beneficiaries of the deceased holder of the shares cannot be registered as shareholders because they are not farmers. I think I can safely say that the number of shares which are not held by farmers is very small. After this bill passes, for each share that now exists there will be two—one which will be the voting share, which cannot be held by anyone except a farmer, and the other which is the investment share and which may be disposed of. What will happen in the course of time with regard to that, no one can tell.

Mr. CASTLEDEN: The hon. member says that a number of these shares are now in the hands of estates. What has happened to the dividends which were payable on those shares?

Mr. THORSON: Any dividends applicable to those shares cannot be paid to anyone, because in respect of those shares where the owners are not farmers they cannot be registered as transferees.

Mr. CASTLEDEN: Then I take it that the profits which have accrued for the past few years have been distributed among the shareholders who are real farmers?

Mr. COLDWELL: Or are they in a trust fund?

Mr. THORSON: I am not sure on that point.

Mr. HANSON (York-Sunbury): If they are not paid they would be held as unpaid dividends.

Section agreed to.

Sections 3 to 6 inclusive agreed to.

On section 7—Acquisition of shares.

Mr. HANSON (York-Sunbury): I have read this bill with a good deal of care, and I understand there is real necessity for the passing of the bill. The only clause in it that I queried in my mind was this one. This, of course, is a real departure from the principle governing joint stock companies, because it provides that shares in the company "to the ownership of which there is attached the right to take part in the selection of delegates or the right to act as delegate shall not by devolution or otherwise become vested in persons disentitled to exercise the rights aforesaid". Then it goes on to provide that the company may purchase those shares under certain limitations. Provision is made for resale by the directors of any shares acquired under subsections 1 and 2. The fourth subsection provides for a limitation of purchases so that:

> No shares shall be acquired under this section so as to increase the number of shares acquired and not resold hereunder beyond one-tenth of all the outstanding shares of the same class.

That, of course, is a distinct departure from the ordinary principle governing joint stock companies whereby a company cannot purchase its own shares.

I mentioned this to the counsel whom I queried about it, and he was very frank and told me that it was not absolutely essential to the immediate objective of the company, and that he was fully appreciative of the danger of the clause in ordinary joint stock company organization. But he pointed this out, and this is a consideration which I should like to pass on to the committee; that the fundamental conception of the company was that it should be controlled by farmers, with voting rights limited to one man one vote, regardless of the share holdings, with the distinct limitation on the number of voting shares which one person might hold; and that this removed any temptation to manipulate the market either to secure control or for speculative purposes. Of course that is true; it would be an effective deterrent from attempting to get control or to manipulate. He further asserted to me that the company is cooperative in nature, organized to serve the western farmer, and it is a principle of legislation affecting cooperatives that they can cancel the membership of any member if he ceases to be one of that class. They are not, however, asking for any such power as that of cancellation. This is the method they have adopted, under advice of counsel I understand, whereby a market may be provided for the shares of deceased persons which cannot be transferred to or registered in the name of other than a farmer.

The market for these shares must be more or less limited. Therefore they have asked for this right. I am informed that in the committee of the other house where this bill was examined with considerable care, perhaps a good deal more than we can give here in this committee, the suggestion was made that the company should have even wider powers than those provided by the bill, as a means of getting rid of members who are no longer active farmers, so that the company would be definitely owned and controlled by active farmers.

I am not opposing the bill; from the explanation given me I think it is necessary; but I thought it right that the committee should understand just what the underlying principles of section 7 are. It is a very unusual power; I never saw it in a bill before; it is expressly prohibited by the Companies Act. With that explanation, however, I think it might go through.

Mr. PERLEY: Would the sponsor of the bill inform the committee as to the number of directors and who they are?

Mr. THORSON: I have not that information at the moment. I wonder whether that is relevant to this section. I shall be glad to obtain it for the hon. member.

Mr. PERLEY: Do they draw a salary?

Mr. THORSON: I do not know whether they do as directors. The officers of the company do.

Mr. PERLEY: What salary do they draw?

Mr. THORSON: I do not know that I can give that information either, but I shall obtain it for the hon. member.

Mr. PERLEY: The hon. member has not very much information about the matter. Maybe he can inform the committee how many terminal elevators they operate; if they lease one in Vancouver from the dominion government, and if so, what the terms of the lease are.

Mr. THORSON: I shall have to obtain that information also. I shall be glad to do so. But it does not really touch the section.

Mr. CRERAR: They have two terminal elevators, one at Port Arthur and one at Vancouver.

Mr. PERLEY: The one at Vancouver is, I think, under lease.

Mr. CRERAR: I think the company own it.

Mr. PERLEY: We wish to know.

Mr. CRERAR: It may be under lease.

Mr. PERLEY: We should like to have the terms of the lease.

Mr. THORSON: What is the relevancy of these questions to the section under discussion, dealing with the acquisition of shares?

Mr. PERLEY: It is relevant to every section of the bill. If, however, no one knows, I do not wish to detain the committee. I think we can get the information.

Section agreed to.

Section 8 agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 67, for the relief of Dora Lemisch Boyer.—Mr. Bercovitch.

Bill No. 68, for the relief of Muriel Mary Murphy Carvey.—Mr. Bercovitch.

Bill No. 69, for the relief of Eileen Henrietta Seville Orchin.—Mr. Bercovitch.

Bill No. 70, for the relief of Edythe Gertrude Dover Schawl.—Mr. Bercovitch.

Bill No. 71, for the relief of Agnes Mary Johnson Messett.—Mr. Bercovitch.

Bill No. 72, for the relief of Manson Wilton Roach.—Mr. Bercovitch.

Bill No. 73, for the relief of Gertrud Kohn Storper.—Mr. McIlraith.

Bill No. 74, for the relief of Frederick William James Hobbs.—Mr. Bercovitch.

Bill No. 80, for the relief of Elizabeth (Elspeth) Brown Rattray Selkirk Morphy.—Mr. Bercovitch.

Bill No. 81, for the relief of Stanley Jackson.—Mr. Whitman.

Bill No. 82, for the relief of Vera Black Slatkin.—Mr. Bercovitch.

Bill No. 83, for the relief of Stella Cohen Baboushkin.—Mr. Bercovitch.

Bill No. 84, for the relief of Kate Abramovitch Reinblatt.—Mr. Bercovitch.

Bill No. 85, for the relief of Dora Catherine Sullivan Evans.—Mr. Bercovitch.

Bill No. 86, for the relief of Ilona Klein, otherwise known as Eleanor Klein.—Mr. Boucher.

Bill No. 90, for the relief of Leonard Moore.—Mr. Bercovitch.

On division.

[Mr. Perley.]

SECOND READINGS

Bill No. 93, for the relief of Dorrien Edson Weaver.—Mr. Hill.

Bill No. 94, for the relief of David MacDonald.—Mr. MacInnis.

SUPPLY

The house in committee of supply, Mr. Fournier (Hull) in the chair.

POST OFFICE DEPARTMENT

246. Audit of revenue, money order, postal note and savings bank business; issue of postage stamps and postal notes, including amounts required to pay allowances to office appliance operators grade 2, in accordance with regulations approved by order in council, $1,408,700.

Mr. HANSON (York-Sunbury): Will the minister explain the increase?

Hon. W. P. MULOCK (Postmaster General): Yes. According to the estimates, an increase of $126,795 is shown in this item. Actually there were supplementary items last year; and when the supplementaries are added to the estimates of last year, the actual increase for this year is $87,195. The increases are these: First of all, the salary item, $16,230, which includes statutory increases amounting to $13,770; one additional clerk, grade 1, $720, and a postal clerk, $1,740. There are two positions dropped, so that this represents, in the total salary account, a net increase, on that item, of $13,195. The next one is printing and stationery, showing an increase in the estimates, but, if the supplementary estimates of last year are included, a decrease of $2,250. In equipment and maintenance there is an increase of $45,000. The particulars are available; would the leader of the opposition like to have them?

Mr. HANSON (York-Sunbury): No.

Mr. MULOCK: Other increases are: in sundries, $850; in the manufacture of postage stamps, $23,400; in printing of postal notes, $7,000. In all these figures there is taken into consideration the fact that the supplementary estimates are added to the estimates—which really gives the true position so far as the increases are concerned.

Mr. HANSON (York-Sunbury): Of course the supplementary estimates show there was an increase last year. I understand that this item was kept open because somebody might wish to ask a question on some other item. The only question I desire to ask with respect to the post office is, how the country is going to determine whether the post office is a losing or a paying proposition, having regard to the large sum of money which is expended

by business and others in the purchase of stamps for excise purposes. This, I know, is an old story and an old question, but we shall never know whether the post office is on a sound and proper basis until we can have some estimate, even though an approximation, of how much money in revenue the post office gets from the purchase of stamps which should go to the excise branch. Many people use postage stamps when properly they should use the excise stamps. Occasionally I do so myself, although in business we always try to purchase the special excise stamps. In my view, as this amount may be very large, there is no knowing how the post office is breaking. I think we should have some check on that, in order to know exactly what the position is.

Mr. MULOCK: I know the leader of the opposition realizes the difficulty of obtaining any accurate statement on that point.

Mr. HANSON (York-Sunbury): Yes.

Mr. MULOCK: If one tried to figure it out and keep track of each one of the transactions, the cost would be out of all reason. There is, however, some information available. First of all, 75 per cent of the business comes from city offices, and the banks and the merchants in general use excise stamps and not postage stamps in those centres.

Mr. HANSON (York-Sunbury): I think likely that is true.

Mr. MULOCK: The remaining 25 per cent comes from offices of lesser revenue where excise stamps are not so much in use. The use of postage stamps is a great convenience to the public in the rural districts, but the number used for excise purposes is not very great.

Mr. HANSON (York-Sunbury): "Not very great." Is that a statement of fact or an assumption?

Mr. MULOCK: That is the opinion of the officials.

Mr. HANSON (York-Sunbury): That is an assumption.

Mr. MULOCK: So far as they can find out from a careful check-up on the situation.

Mr. HANSON (York-Sunbury): I think it is just an assumption.

Mr. MULOCK: To get definite figures it would be necessary to establish a fairly complicated accounting system, and, when one got through, it would not be of any advantage to the public from a financial point of view. It would cost a good deal of money without bringing any additional revenue to the country.

Mr. HANSON (York-Sunbury): Agreed.

Mr. MULOCK: The use of postage stamps as affecting revenue is relatively very small, but it is a great service to the public in many places since it facilitates the transaction of business. I understand the desire of the leader of the opposition to obtain an idea of the approximate amount, but I believe he also realizes that the cost would be out of all proportion to the benefit to be derived.

Mr. HANSON (York-Sunbury): I agree with that general statement; and of course, the statements made by the Postmaster General are also general. Is there any approximation of the amount? Would it run to a million a year? Have the officials made some check on the city offices?

Mr. MULOCK: The officials say that they would not like to make any statement as to the actual amount. It might be possible for us to put on a check on the city offices, without too much expense—if we were to pick out different days on which to do it. But we could not do it over a period of time, because it would tie things up considerably.

Mr. HANSON (York-Sunbury): We shall have to give it up.

Mr. MacNICOL: I believe the minister is most anxious to expedite the delivery of mail, because the more quickly mail is carried, the more mail service will be used. I recently had occasion to go by train from Ottawa to Pembroke and return. In each case I travelled on a train which carried mail. From my experience that day I would say that the people of the Ottawa valley are most shockingly treated by the mail service—and of course that is not the responsibility of the Post Office Department. I refer to the mail service on the train. I am finding fault, not with the postal employees on the train, but rather with the train service itself.

The afternoon train leaves Pembroke at 1.45 p.m. and is supposed to leave Carleton Place at 4.15 p.m., having arrived there a half hour earlier. But for some time past, the train from Pembroke upon reaching Carleton Place must stand there waiting for the train to arrive from Toronto.

Mr. MARTIN: Three quarters of an hour.

Mr. MacNICOL: That train is frequently late. Four coaches, including a mail coach, are taken from the Toronto train. That train left Carleton Place at 5.20 p.m., and, I

suppose, arrived in Ottawa about 6.30 p.m. A wayfreight would carry mail more quickly than this mail train, so-called, carries it. In my judgment the postal authorities should take note of these facts, because I am told by many people that it is a regular occurrence. The department should see that the people of the Ottawa valley receive more expeditious mail service than is now accorded them.

Mr. MULOCK: I believe the hon. member for Davenport will realize that this is really a transport matter.

Mr. MacNICOL: Yes; but the minister's department should make them speed up.

Mr. MULOCK: We make representations from time to time to the board of transport commissioners, asking them to speed up service, in so far as our mails are concerned. I thank the hon. member for having brought this matter to our attention, and I can assure him we shall be glad to make further representations.

Mr. COLDWELL: I was about to ask about the post office savings bank. How many depositors have we, and what would the average deposit amount to? Let us have some idea of what our savings bank business amounts to. I ask the question because I hold the opinion that a great deal could be done, and particularly in the country districts, to encourage the post office savings bank. Many of our towns have no banking facilities whatever, and I should think we might be able to extend the post office savings bank business, and develop it into something which would give service to people in communities where there are no banks.

Mr. MULOCK: The aggregate balance to the credit of depositors on March 31, 1941, was $22,176,632.54. The number of offices authorized to transact business was increased from 1,645 to 1,664.

Mr. HOMUTH: What interest is paid?

Mr. COLDWELL: What are the qualifications necessary to conduct an office?

Mr. MULOCK: If the hon. member wishes, I can place on record a short statement.

Mr. COLDWELL: That would be satisfactory.

Mr. MULOCK: The aggregate balance to the credit of depositors on March 31, 1941, was $22,176,632.54, a decrease, during the year, of $923,485.90. The average to the credit of each depositor was $225.96, compared with $246.90 on March 31, 1940.

[Mr. MacNicol.]

New accounts opened during the year numbered 11,189, and 6,606 accounts were closed, leaving the number open at the close of the year, 98,144, or an increase of 4,583.

The deposits were 81,532 in number, for a total amount of $3,998,091.16. The average amount of each deposit was $49.04 compared with $53.21 for the previous year.

Repayments numbered 102,447 and amounted to $5,355,477.82, of which 92,669 for a total of $2,383,030.82 were made in cash, and 9,778 amounting to $2,972,447.00 were made by cheque. The average cash repayment was $25.72 compared with $25.64 the year before, and the average withdrawal by cheque was $303.99, compared with $313.40 in the preceding year.

Mr. COLDWELL: What are the requirements by which a post office becomes a savings bank office?

Mr. MULOCK: Generally, where there are no other banking facilities, when application is made it is granted, provided, first of all, that the official at the point in question is able to carry on a savings bank business and capable of performing the duties of looking after it. The second consideration is that satisfactory premises are available at the point indicated.

Mr. COLDWELL: I was wondering where these funds are invested. Presumably they are invested with the government, or are retained in one of the government funds; is that correct?

Mr. MULOCK: They are placed to the credit of the consolidated revenue fund.

Mr. COLDWELL: Then they are accessible for use by the dominion?

Mr. MULOCK: Yes.

Mr. COLDWELL: It seems to me that we have been looking round for ways of increasing our financial resources during war time; here is one way. When the Minister of Finance brought in his budget, and previously when we were discussing the unemployment insurance measure, one of the reasons given for the desirability of setting up that fund at this time was that it would enable the government to obtain more money during the war. Here we have a channel which, it seems to me, we are not using as we ought to be using it. The government of New Zealand —not the present Labour government, but the previous government—fostered the post office savings bank until it became an institution which was exceedingly worth while from the point of view of the government itself. I have often thought that here was a channel which might be used.

In some cities, hundreds of school children and students are encouraged to open savings accounts in their own names. These accounts are usually handled by one of the chartered banks, and the result is that these children become acquainted with the bank, and many of them continue to do business for the rest of their lives with the same bank. One of the ways of building up the post office savings bank would be to encourage the children now using these penny-banks to put their money in the post office savings bank. Ten or twelve years ago we had a superintendent of schools in Regina, who happened to come from this city and who instituted a penny-bank system. I do not know how much money they have in that bank at the present time, but when I left the teaching profession in 1934 there was some $50,000 in the savings accounts.

The teachers in these institutions are public servants who are performing a voluntary service, first, for the children and, second, for the private banking institutions. I have heard it stated on more than one occasion by the teachers that they would feel more enthusiastic if they were performing this service for the post office savings bank or some other public institution. I bring up this matter so that it may be considered by the department. We should encourage our children to open accounts in the post office savings bank in order that they may continue to be customers in future years.

Mr. MULOCK: The hon. member will notice that there was a drop of approximately $1,000,000 in the savings accounts, but that is due chiefly to the fact that people were withdrawing money to buy war savings certificates, war savings stamps and things of that kind. The rate of interest paid is 2 per cent, and it might be interesting to note that last year the interest amounted to $433,900.76, of which only $11,586.05 was paid out, the balance of $422,314.71 being added to principal by the different depositors.

Mr. COLDWELL: They were really saving the interest?

Mr. MULOCK: Yes.

Mr. HANSON (York-Sunbury): How many postmasters were guillotined last year?

Mr. MULOCK: There were none guillotined, but if the leader of the opposition wishes any particular information, I shall see if I can get it.

Mr. HANSON (York-Sunbury): I am not going to pursue that.

Mr. NICHOLSON: Following up the question asked by the leader of the opposition, I should like to make a complaint on behalf of the returned soldiers in my constituency. I have received a number of complaints from these men that they have not received consideration when new appointments or changes were made. It is true that announcements go out to the provincial command in Regina; but in a constituency such as the one I represent, where we have poor mail service and poor communication, some of the legion secretaries may be living eight or ten miles from town; they do not receive their mail regularly, and many of them have no telephone connection with the other officers of the legion. Even if a secretary is advised that a change is about to be made in a post office in the district, possibly twenty-five or thirty miles away, it is not always possible for him to notify veterans living in the community that a change is about to be made. Would the minister take greater pains to see that returned soldiers are notified more directly.

Just a year ago I appealed to the veterans in connection with the national registration, and they responded in a remarkable manner. At the present time they are cooperating in connection with the war loan. On every count these returned veterans are coming across, but there is keen resentment when appointments are made without their being notified. I do not expect the Postmaster General to recommend the appointment of returned soldiers when they do not possess the necessary requirements, but in many of these communities there are returned soldiers who have the necessary requirements and yet they do not seem to be given an opportunity of making an application until it is too late. A recent change has been proposed in one post office, and I am told that the suggested postmaster is not a returned soldier.

Mr. MULOCK: I shall be glad to look into the hon. member's statement and would be pleased to have him give me particulars of those places in his constituency where there is poor mail service. I should like to have that investigated to see who is to blame. I am advised by my officials that in every case a notice is sent to the provincial command of the Canadian Legion in advance of any appointment being made. In connection with the case referred to by the hon. member, the file shows that no returned soldier applied for the position, and so far as I have been able to ascertain, no representations were made on behalf of any returned soldier.

Mr. NICHOLSON: I am not complaining about the poor mail service. In many parts

of my constituency there is a mixed train only three times a week. As I pointed out, some of these people live eight to ten miles from town and possibly go in only once a week for mail. While I realize that notice would be sent to the provincial command in Regina, the fact is that it might be a month before this information would reach the secretary and then go from him to the returned soldiers in the community. In the particular case I complained about, I do not suggest that word did not go to Regina; all I say is that the returned soldiers in that community are complaining that they had no knowledge that a change was being made. Naturally they resent having an appointment made without being given an opportunity to submit an application.

Mr. COLDWELL: I think every effort should be made during war time to get away from this pernicious patronage system. It is galling to a man who is qualified to take charge of a post office to be told by some petty village politician that he will never get it because he did not vote right. I know of a number of cases like that. We are being asked all the time to get our people to assist in salvage campaigns, recruiting campaigns, the sale of war savings certificates and so forth, and yet these things happen. I have had men say to me, "You asked me a year ago to give my services or my house for registration purposes, and I did so, but I see now that in other fields, the census, for example, or when a post office comes up, the same old gang round here profess to have the political patronage." We should get away from that.

Having given the department something like a kick perhaps, may I say that I appreciate the action taken in one instance I know of in my own constituency when tremendous pressure was brought to bear on the minister and the officials of his department to appoint a man who was not qualified. I refer to the town of Biggar. But the minister and his officials did the right thing. They took the recommendation that was made on the qualifications of a returned soldier and appointed him to the position. Having made the other observation, I think it is only fair that I should compliment the minister upon having stood firmly against what I know was tremendous pressure brought to bear by several people in that locality.

Mr. TRIPP: I hope the hon. member for Rosetown-Biggar does not apply his implications to myself as probably he has done regarding every member on this side.

Mr. COLDWELL: What is that?

Mr. TRIPP: The implication of rottenness.

[Mr. Nicholson.]

Mr. COLDWELL: Oh, no. I was not dealing with members of the house at all. Of course, however, I cannot speak for the consciences of individual members.

Mr. MULOCK: The leader of the opposition asked about the number of dismissals. From July 9, 1940, to March 10, 1941, the total number dismissed was thirty-three, six for political partisanship and twenty-seven for other reasons.

Mr. McNIVEN: Would the Postmaster General be good enough to give us the gross revenues of the ten largest centres? And would he state beforehand just what the gross revenues include?

Mr. MULOCK: It includes postage on all mail matter, the sale of stamps, but not money orders. The revenue in 1939-40 at Calgary was $660,741; Edmonton, $673,242; Montreal, $5,212,180; Quebec, $806,198; Regina, $973,293; Saskatoon, $343,500; Toronto, $7,913,-357; Winnipeg, $3,092,225.

Mr. MARTIN: The Postmaster General will recall that last summer, along with his able deputy, he visited the city of Windsor and inaugurated an air mail service in that important city. There are now two services a day, one in the afternoon and one in the early evening. I know there are difficulties on account of the Chicago connections, but could not arrangements be made for a morning service, thereby providing added facilities for Windsor and all that area, and increasing the revenue of the department?

Mr. MULOCK: Now that the hon. member has drawn the matter to my attention, I will give it consideration.

Mr. MARTIN: The Postmaster General undoubtedly has forgotten that I have drawn it to his attention on no fewer than six occasions since last fall. I might refresh his memory by informing him that he told me one of the difficulties was not with his department but with the ministry of transport. Possibly he has had an opportunity of discussing the matter further with the ministry of transport so as to bring this necessary service to the important city of Windsor.

Mr. MULOCK: I can assure the hon. member that I have not forgotten his representations, but all I can say is that I will give the matter consideration. That is as far as I can go.

Mr. QUELCH: Does the ruling still hold good that an applicant for the position of postmaster must have been a patron of that post office?

Mr. MULOCK: Generally speaking, yes. That is the general rule, but occasionally there have been exceptions.

Mr. QUELCH: Would a veteran living outside the district be given a preference over a man within the district who was not a veteran?

Mr. MULOCK: No. If there was no one within the district who was capable of performing this service, we would have to consider applications from outside, but that is not usual. Offhand I do not know of any case where it was impossible to find someone within the district who was capable of performing the duties.

Mr. JACKMAN: Is there any way of knowing whether the postal note division operates at a profit or a loss?

Mr. MULOCK: Yes.

Item agreed to.

TRADE AND COMMERCE

349. Canada Grain Act — administration, $104,648.50.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Chairman, ordinarily in taking up my estimates I would have the first item on the list called and proceed in sequence, but to oblige members of the house and to fulfil an undertaking I gave earlier in the session, I am having this item called in order to give an opportunity to those who desire to speak on wheat and kindred subjects.

Mr. MacNICOL: That subject has not been discussed at all this session, has it?

Mr. PERLEY: As the minister has stated, he agreed to allow a general discussion on this item, the Canada Grain Act. I discussed this with him on one or two occasions, and he graciously agreed to accord us this opportunity. On one or two occasions since this session opened I have endeavoured to obtain additional information beyond that supplied in answer to casual questions. This house has been in session continually since November 7, except for a short recess at Christmas. We have had very little information with regard to the real operations of the wheat board and the grain situation generally. I have here a report dated January 11, 1941, in which there is given a partial record of the workings of the board to that date. Certain amendments to the wheat board act are set out and discussed, and we have had a number of orders in council, which are to all intents and purposes amendments. But we have not had any amending act, and I object to this way of dealing with the board's operations.

On March 12 we had what might be called a double-barrelled announcement from the Minister of Agriculture and the Minister of Trade and Commerce, and thereafter we had an order in council tabled by the minister on May 14, and another one recently on May 30 setting out certain regulations to show how the board proposed to operate during the coming crop season. Apart from that, we have had very little information. The report to which I have referred mentions certain amendments of 1939 in which the price was fixed at 70 cents, and it also refers to the amendments of 1940 again setting the price at 70 cents. It then gives a general review of the operations of the board. It is not widely distributed, however, and very few farmers of western Canada have seen it. But even if they have seen it, they cannot get a detailed account of the board's operations.

We have a balance sheet which shows that the 1938 crop was disposed of, and finally there was a loss of $61,000,000. It deals further with the rest of the 1939 crop, showing that there was on hand on July 31, 1940, 182,095,733 bushels of that crop. But there was a deficit up to that time, in the handling of the 1939 crop, of $6,000,000 odd. Certain exhibits are set out in the report—A, B and C. Exhibit A, which appears on page 28, sets out the liabilities to the bank, with interest, amounting to $68,825,078. There is a liability to agents of the board for wheat purchased from producers but not yet delivered to the board, the amount being $28,927,925. There is, I presume, interest on that amount. I think we should have some further information with regard to these liabilities, particularly that to the agents of the board.

On page 21 of the report we have a statement to the effect that there are certain liabilities to the agents. It is stated that when wheat is delivered by the producers to the country elevators of the companies who are acting as agents for the board, the companies pay the producers for the wheat on the basis of the board's initial price. The liability continues to be carried by the companies until such time as the wheat is unloaded in deliverable position. These liabilities represent approximately 42,000,000 bushels of wheat carried in country elevators, in transit at the date of this balance sheet. I think we should have some particulars as to what the amount of this liability is.

This evening I am going to direct certain questions to the minister with a view to

obtaining information. He has his two chief officials before him, and he can get the information. I do not intend to hurry. I should like his officers to take notes and give us the necessary information through the minister.

I will not take time to deal with the rest of the report. It is more or less confusing, however, to the ordinary individual. Coming back to some of the orders in council, and what I have called the double-barrelled announcement of March 12, when the minister made a statement with regard to what might happen in connection with the 1941 crop, I would point out that on several occasions I have tried to get information from the minister, but without avail. He was always taking certain things into consideration, and so far this session he has not given us a proper detailed report indicating the present position of the board and of the entire situation. I might refer to certain representations made to the minister before the announcement of March 12. The federation of agriculture and other interests in the west stated their position when they demanded a better price than 70 cents. They asked what might be called a parity price. We were disappointed that no results ensued from those representations, but that is water under the bridge. In the budget statement, however, reference was made to the present situation, and it was pointed out that the board's present carrying of wheat showed that they would have at the end of the crop year some 570,000,000 bushels of a carry-over. The minister also said that there was $400,000,000 invested in the business and that it was costing the country about $50,000,000 or $60,000,000 a year to carry it.

The regulations which I have here provide for taking out of this year's crop a delivery of 230,000,000 bushels. The regulations are given with regard to deliveries and so forth, but I am not going to take time to-night to discuss them. The regulations have been distributed, and they are pretty well understood by those who will be delivering wheat—the producers—and those who will do the physical handling. Let me refer to the announcement made some time ago with regard to the sale of 120,000,000 bushels of futures to the United Kingdom. At that time it was stated that the sale was made considerably above the then market price, which would be 70 cents, but the minister did not say what the price was. I remember asking him if he would state the price, and he replied that for certain reasons he did not think it advisable nor did the British government wish to have the price announced.

[Mr. Perley.]

Mr. MacKINNON (Edmonton West): I think the hon. gentleman has made a mistake there, if he will allow me to interrupt. On this occasion, according to my recollection, I did not say anything regarding the amount paid for the grain or the price at which the sale was made. I did not refer to it as being considerably above the market price.

Mr. HANSON (York-Sunbury): The minister did not give any information at all.

Mr. PERLEY: He said it was over the market price. Then I asked the price, and the minister said that it was not in the public interest to announce it, that the British government did not want the price announced.

Mr. MacKINNON (Edmonton West): That is correct.

Mr. PERLEY: If it was 70 cents, it would not have been necessary for me to ask. The minister said that there was a request by the British authorities that the grain exchange remain open. I ask him to-night through his official to produce some evidence, real evidence, that that is the situation. I have here the monthly statement by his own department, dated May 23. On page 6 of this we find a statement or chart headed "Liverpool wheat offers", and it shows that for the month of May, the date his statement was made, the price they offered was 91 cents at the port of shipment. Therefore I cannot see why, if they were offering that price—and that is from a document put out by his department—we could not have the exact price. I do not suppose that if they were offering that, the wheat was sold at less.

I quote from a further statement, the weekly bulletin of his bureau, dated May 17:

> The export of wheat in April amounted to 20,322,400 bushels at a value of $17,393,126 or an average of 85·6 cents per bushel. This compared with 93·8 cents in April, 1940.

Then during the four months ending April there was an export of 46,284,793 bushels of a value of $39,017,774, or 84·3 cents a bushel. So why not divulge the price?

Mr. MacKINNON (Edmonton West): The hon. member is quoting seaboard prices there.

Mr. PERLEY: That is correct, but we know what the freight from Fort William is, and it figures back to much more than 70 cents. It is rather a joke for the minister to say that they cannot divulge this price when Liverpool is advertising it, as is also his own department.

I wish now to refer briefly to another document. Some hon. members may recall that when the budget resolutions were going through and the last item was reached, I asked the Minister of Finance if he would

permit me to refer to the appendix in the budget resolutions, and I was refused an opportunity of asking the question. I am now going to refer to that and ask a question. On page 2389 of the ways and means resolutions under the heading "indirect liabilities", paragraph 53 reads as follows:

Guaranteed bank advances to the Canadian wheat board outstanding on March 31, 1941, amounted to $101,052,679. This amount constituted the board's gross liability to the banks and mainly related to the purchase of the 1939 and 1940 wheat crop at the fixed price of 70 cents per bushel No. 1 northern, Fort William. The guarantee of the dominion to the Winnipeg Grain and Produce Clearing Association Limited, referred to in previous budgets, is still outstanding. No liability accrues from day to day in connection with this guarantee as margin deposits are made to the clearing association daily.

I ask the minister to tell us to-night what that guarantee to the Winnipeg Grain and Produce Clearing association is, why there is a guarantee, and if the government is guaranteeing the accounts of those brokers or grain firms that are operating for the board? Also we wish to know what margins the board has to put up in the clearing house. The $120,000,000 referred to a few minutes ago was futures, and we wish to know what margin the board has to put up daily, as referred to here. Also we wish to know what the margins in the clearing house are at the present time. Would it by any chance be that owing to the fact that the wheat board has a guaranteed liability in the Winnipeg clearing association, the government want the grain exchange to remain open? If their account were cleared up with the grain exchange or the clearing association, would they need the exchange to remain open? These are some of the things we desire to know. I wish to know the margins put up, and I think we should have some information with respect to how the board is now operating, whether the funds provided for the board are advances made by the finance department here. Does the board draw on the finance department here daily? I know how Mr. McFarland operated; I know the worry he caused that government on certain occasions. I think we should have the information as to how and why accounts are still outstanding, particularly whether these are guaranteed accounts of the brokers, the rate of interest paid to the grain companies on the grain for which they pay the producer, and also the interest paid to the brokers if they put up money on account of the board.

Coming to this question of closing the exchange, I have made some inquiry and investigation recently, and I find that statements have been made—this is more or less in reply to the minister when he says that the British government does not want the grain exchange closed. I have here a statement by David Muir, Glasgow manager of the Scottish Cooperative Wholesale, in which he says that there would be no difficulty if the Winnipeg futures market were closed. Another statement is from Mr. A. C. Bracey, buyer for the English Cooperative Wholesale society, Liverpool, in which he says the advantage would be to the western producer if the Winnipeg grain exchange were closed. Another is from the Glasgow Corn association, that if the Winnipeg futures market were closed, there would be one less to watch. Another is from the British National Millers association that they never deal there at all. Yet we have the statement that the exchange is necessary.

Mr. MAYBANK: I believe the hon. gentleman is quoting letters. I ask that he table all the correspondence from which he is quoting.

Mr. PERLEY: I am quoting from sworn evidence given before the royal grain inquiry commission.

Mr. HANSON (York-Sunbury): That rule has no application; it is only a minister who has to do that.

Mr. PERLEY: I am going to make certain references to the board's operations on the Winnipeg grain exchange, and I make this statement, that any institution which is so important in the national life of the Canadian wheat producer and the marketing of Canadian grain, which has been the subject of seventeen inquiries in about thirty years, which is carried on under certain rules and regulations, which is subject to control by no outside body and not even by the government, which does not know the volume of trading each day in it and whether there is speculation and does not know who operates on that exchange, whether operating for the Canadian wheat board or the British government or who, and will not give that information—such an institution of such a character should be closed and taken over by the government for at least the duration of the war.

Mr. GRAHAM: May I ask the hon. member, simply for my own information, when was the evidence given to which he refers?

Mr. PERLEY: It was given before the Turgeon commission and tabled here in 1938.

I come to these orders in council. The one of May 14 gives directions with respect to the delivery of grain and the time for

the producer to make application to the board. Two weeks later, on May 30, there was tabled the one I hold in my hand. It sets out certain rules and regulations, which to all intents and purposes are amendments to the Canada Wheat Board Act. I claim that at this late date we should not be operating in that fashion. This house has been in session long enough to enable amendments to have been introduced in good time. This whole problem has been on our doorstep since early last fall.

I cannot now read all these regulations, but there are some very important ones here. One sets out the powers of the board regarding the minimum quantity of the quota. The board may prescribe any other methods or means of delivery, and may lump the deliveries. It sets out that no railway company or other person engaged in transportation shall receive, transport, hold or deliver grain without a permit from the board. It states that no person acting for the producer shall sell or deliver to a mill or otherwise dispose of grain without a permit. No person shall deliver oats, barley, rye or flax to any country elevator, loading platform, mill or terminal elevator without a permit from the Canadian wheat board. That brings coarse grains under the operation of the board. A provision of that kind should have been dealt with as an amendment to the act. Any sale or delivery by the producer, including wheat taken to the mill and gristed for his own use, shall be entered in a permit book and shall not exceed the quota of his delivery. That was dealt with to-day by the hon. member for Lake Centre. There are other important regulations here. It is all most confusing.

A special committee of this house should have been set up earlier, with power to call witnesses and examine these rules and regulations, so that we could have obtained the necessary information. We should have had the chairman of the wheat board before the committee to give us more information with regard to the internal operations of the board.

The farmers should have a better price. I will not go into detail on this matter, but I wish to place on record what has happened over in the United States, namely, the policy which was approved by the United States department of agriculture, providing for loans on wheat carried in bins on the farms. Briefly, this is how they do it. Government inspectors go to the farms, measure the bins and the grain, and inspect the grain in the granaries. They put the government seal on the bins, and they issue the farmer what is termed a government warehouse receipt. The farmer takes the warehouse receipt to the elevator which is nearest his shipping point, and says to the operator, "Here is my government warehouse receipt, and I want the government advance"—which by the way is based on 85 per cent of the parity of price, and nets 85 cents to the producer basis Chicago market. That is considerably more than we are getting.

By the regulations, the elevator man is empowered to give a cheque for the amount stated in the warehouse receipt, be it $100, $500, $1,000, or whatever it may be. For this cheque the farmer surrenders his warehouse receipt to the elevator man, who in turn forwards the warehouse receipt to the bank with a draft attached, and the bank forwards it to the government. In this case it would be to the wheat board. The farmer delivers his wheat to the elevator when he is notified that they desire delivery, and the elevator man sees that the government gets the wheat. With the government's seal and the inspection of the bin, there is no more chance of the grain being stolen—and the same thing would apply in this country if the farmers' bins were properly constructed, under specification, which is the policy I think the government should have adopted—than there would be of a bank robbery. Probably there would be a few cases of theft, but not very many. The bins are supposed to be standard bins, built according to the government's specifications.

This government, through the Canadian wheat board, if they had adopted a system like that, could have paid the farmers an advance of 85 cents on the grain in their bins. This policy would have been sound. It could have been worked out if we had had a committee to study the whole matter in the proper time, instead of our being required to review all these matters and consider these orders in council at this late date. I would urge upon the government even yet to consider a policy of advancing money to the farmer on grain stored in a properly constructed bin on his own farm under government instruction and supervision. There would be no danger of a loss. Millions of dollars are invested in this business.

The whole wheat marketing system and the handling of it at this time, I claim, is a racket. We should have a thorough investigation. I believe that the operations of this board will not bear the light of day. I want a committee. When we come back here this fall—the time now is too short, perhaps, to have it before we leave—I want that committee set up, with proper authority to call witnesses and examine into this whole question. I recall that in 1935, hon. members, then on this side of the house, when the wheat

board bill was up for discussion, made Mr. Bennett bring Mr. McFarland before the committee, and there was not half as much involved as now, and there was no charge of crooked work at all.

Mr. CRERAR: May I ask my hon. friend if there is any charge of crooked work now—on behalf of the board?

Mr. PERLEY: There are certain things going on. I will read in a minute or two some of the—few—things that are going on, and you can judge.

Mr. MACKENZIE (Vancouver Centre): The hon. member should not use that language.

Mr. CRERAR: I repeat that, that the hon. member should not use that language.

Mr. PERLEY: I will say this. The board is playing into the hands of certain interests in Winnipeg. Maybe the company of which the hon. member was vice-chairman—or president and manager for twenty-two years —might be one of them.

Mr. CRERAR: If the hon. member will do me the courtesy of allowing me to make a remark, I should like to say through you, Mr. Chairman, to the hon. member that he has no right whatever to make an imputation of the character he did, that there is crooked work in the administration of the wheat board; and I would ask my hon. friend to withdraw it.

Mr. PERLEY: I said that the whole thing is a racket.

Mr. MACKENZIE (Vancouver Centre): No, no; you used the words that it was crooked work.

Mr. PERLEY: I said that it would not bear the light of day, and that we wanted an investigation.

Mr. CRERAR: No; you used the words "crooked work".

Mr. PERLEY: I said that it would not bear the light of day, and that there were certain things—and I say it again—going on in the Winnipeg grain exchange, with which the board has something to do, which will not stand investigation.

Mr. MacKINNON (Edmonton West): I think the hon. member had better be specific.

Mr. HANSON (York-Sunbury): Oh, well, now, what he has said so far is all right.

Mr. MACKENZIE (Vancouver Centre): What he has said so far is all wrong.

Mr. HANSON (York-Sunbury): It is not all wrong.

Mr. MACKENZIE (Vancouver Centre): The hon. member for Qu'Appelle has used the words "crooked work". He has either to make good that allegation, or withdraw it, with regard to any official working in the government service.

Mr. HOMUTH: The hon. member made no reference to crookedness with regard to the present grain board. What the hon. member said, Mr. Chairman, was that the members of the Liberal party sitting on this side of the house in 1935 demanded that Mr. Bennett bring Mr. McFarland here, and there was no question of crookedness at all.

Mr. MACKENZIE (Vancouver Centre): Oh, that was not it at all.

Mr. CRERAR: The hon. member for Waterloo South is certainly not helping the situation. He is not helping the hon. member for Qu'Appelle by the explanation he has just given. The hon. member for Qu'Appelle used the words "crooked work"—

The ACTING CHAIRMAN (Mr. Fournier, Hull): Order.

Mr. CRERAR: —and carried the imputation that it was being applied to the wheat board.

Mr. HOMUTH: Definitely not.

Mr. MACKENZIE (Vancouver Centre): Attention was immediately called by the Minister of Mines and Resources to the expression used by the hon. member for Qu'Appelle. That expression was immediately challenged, and the hon. member must withdraw it, or prove it before this committee.

Mr. HOMUTH: What was the expression?

Mr. MACKENZIE (Vancouver Centre): That the time had come when the crooked work of the officials of the wheat board should be exposed.

Mr. HANSON (York-Sunbury): No; he did not say that at all.

The ACTING CHAIRMAN (Mr. Fournier, Hull): I was listening very attentively to the hon. member. He said that in 1935 the opposition party had forced Mr. Bennett to bring Mr. J. I. McFarland before the committee, and that there was nothing crooked then. The word "crooked" is not parliamentary, and I suggest that it be withdrawn.

Mr. HANSON (York-Sunbury): To say that there was no suggestion of crooked work then is not objectionable.

Mr. PERLEY: I do not propose to have words put in my mouth. I said that Mr. McFarland was brought down here, but that there was no suggestion of crooked work. I

said that the operations of the whole grain business was a racket, that it would not bear investigation, and that we wanted a committee when we came back next fall—it is too late now, of course. We want that committee.

Mr. MacKINNON (Edmonton West): I think it would be satisfactory if the hon. member would state that he made no suggestion of a charge of crookedness against—

Mr. HOMUTH: He did not make any such suggestion.

Mr. MACKENZIE (Vancouver Centre): I request that the official *Hansard* be produced.

Mr. PERLEY: To facilitate matters, and to get on, I made no suggestion of crooked work on the part of these officials. I said that the general grain business was a racket. We know the board has something to do with the operations; they cannot do otherwise. I said that they are dealing with it, and I said, further, that the whole thing would not bear the light of day.

Mr. MACKENZIE (Vancouver Centre): We shall see what the record says.

Mr. PERLEY: We shall just let that go. If you will give us a committee—yes, give us a committee; if you will give us a committee and we can call certain witnesses here, we shall see, then. If the Minister of Mines and Resources will not, then just let the Minister of Trade and Commerce say he will give us a committee. Will you give us a committee?

Mr. MacKINNON (Edmonton West): I see no objection whatever.

Mr. HANSON (York-Sunbury): That is a promise.

Mr. MacKINNON (Edmonton West): I say that I see no objection whatsoever; but I am not speaking for the government.

Mr. HANSON (York-Sunbury): That is a promise.

Mr. PERLEY: I have here a copy of a telegram. I have suggested on several occasions that, in the event of a war being in progress, the government should have taken things over last fall, and operated the grain trade for the duration of the war. I have a copy of a telegram directed to the chairman of the board, and signed by nine members of the grain exchange, namely, N. M. Paterson & Company Limited; McCabe Brothers Grain Company Limited; N. Bawlf Grain Company, Limited; Alberta Pacific Grain Company Limited; Canadian Consolidated Grain Company Limited; Pioneer Grain Company Limited; Western Grain Company Limited; Federal Grain Limited, and National Grain Company Limited. It is dated July 18, 1940. In the telegram they review the situation, stating that they know we are in a critical situation, that certain charges had been made in this house that there were exorbitant charges, or money being made unduly. These firms offered their services to the government to operate as agents of the board. They offered their whole systems for the duration of the war on the basis of a 6 per cent earning on capital invested. I have the reply before me of the chairman of the board; he may recall it. The question I wish to ask is: Why did the minister not accept that offer?

The chairman of the board replied:

> Answering telegram from your members as in the past terms of the handling contract for this coming season will be arrived after complete discussion between all companies and our board. Your proposal re operating as agents noted. This has been brought to the attention of the government.

I should like to know why this offer was not accepted? This is the chairman, one of the minister's advisers.

I am now going to review what the situation is at the present time on the grain exchange. If I am not right in what I say, then we shall hear from the minister. There are certain shippers, and grain interests and millers who cannot make delivery of their wheat that is stored in terminals or interior positions. Under their contracts they cannot make delivery, even if they so desired, because they are out of position. Then, there are futures contracts. A lot of it is held by the board, a great amount of it—at least a part of it, anyway, and cash wheat is the remainder. There is a limited capacity at Fort William. This wheat cannot be shipped there to make delivery on their contracts, because the wheat in Fort William is held as options.

Since the board owns most of this, in either options or cash wheat, they cannot take delivery. There is a situation arising there now where the options have to be changed from month to month, and I am informed—and if I am not correctly informed, we shall find out—that the grain firms are in the position similar to that in which they were in 1935, and that they are now negotiating with the wheat board to have their July futures changed into Octobers on a basis of 80 cents for the October. That, of course, would be taking the July as it is now, at about 77½ cents, plus storage. That would be about right.

This would commit the wheat board to take delivery of wheat in October at or around 80 cents, basis No. 1 northern. Here is what I wish to say, that if that deal is going on

now, it should be confined to the 1941 crop, and there should be a price of 80 cents; the 70 cents should be increased to 80 cents. If the board is now making a settlement with the grain firms on a basis of 80 cents for October wheat, when the wheat is supposed to have been taken at 70 cents, then we, the producers, should receive 80 cents for the 1941 crop. If that arrangement is going on—and we can find out whether it is correct or not—and we know that the board controls all wheat, either by options or cash, then if they are making that settlement with the grain firms, I say that it should apply to the 1941 crop for the farmers. That is the situation. I say that we should have the price fixed higher.

Here is another point to which I should like briefly to refer. I may say that since yesterday—

The ACTING CHAIRMAN (Mr. Fournier, Hull): I must remind the hon. gentleman that he has spoken for forty minutes.

Mr. MacKINNON (Edmonton West): I should be glad to have the hon. gentleman proceed.

Some hon. MEMBERS: Go on.

Mr. PERLEY: I am going to refer to something mentioned yesterday by the leader of the opposition, the shipment of wheat to Japan. I want the minister to follow me, and perhaps he can give us some more information. I made inquiries about this, as well as about the situation to which I have just referred. In connection with the shipment of wheat to Japan I am informed that the Canadian exporters, James Richardson and Sons, the Reliance Grain company and three others would have nothing to do with this deal. This shipment was made by the Continental Grain company, the Dreyfus company and the Bunge company, three international Jew firms. The Dreyfus company has since been changed to the Leval company.

Mr. MacKINNON (Edmonton West): I think I should correct the statement the hon. gentleman has just made. He has stated that this shipment was made by three companies.

Mr. PERLEY: International companies.

Mr. MacKINNON (Edmonton West): The Canada Grain company of Vancouver, a well known Canadian firm, handled this shipment of wheat.

Mr. HANSON (York-Sunbury): Were they the agents or the principals?

Mr. MacKINNON (Edmonton West): They were the principals.

Mr. HANSON (York-Sunbury): What is the evidence of that? I have other evidence.

Mr. MacKINNON (Edmonton West): I am giving the information asked for. This is a Canadian company headed by Mr. McKee, a prominent resident of Vancouver.

Mr. PERLEY: I have been informed on good authority that these three companies figured in this deal and that the two companies I have named refused to have anything to do with it. These other companies are international companies. I am informed also that grain is always shipped in bulk to Japan or China, and that the fact that this shipment was in bags is evidence that it was intended for Russia or for enemy hands, to be reached through Russia.

Mr. MACKENZIE (Vancouver Centre): We have heard that before.

Mr. PERLEY: These international grain firms should not be permitted to do business with the grain board, and the grain board should not deliver a single bushel of wheat to them.

Mr. MacKINNON (Edmonton West): I have just denied the transaction.

Mr. PERLEY: These are not loyal Canadian firms, and therefore the board should not deal with them in any way, shape or form. An investigation should be held into this sale in order to find out if these firms had anything to do with it. This investigation should also cover the taxes paid by these firms and just what their capital investment is. I understand that these firms cover up their tax returns by showing the business they are doing in other countries as well as in Canada. They are evading their taxes, and this should be investigated.

The policy adopted by the board for the coming season has not met with the approval of the western producer. When the proper time comes, the minister will have to answer other questions with respect to the board's operations. I think I have produced sufficient evidence to-night to warrant the government in taking over the whole business. If that is done there will be no possibility of the things I have mentioned happening in the future.

Mr. COLDWELL: I do not intend to speak at any length, but there are one or two observations I should like to make in connection with our wheat marketing, coming as I do from a province where wheat has been king for a number of years. As the hon. member

for Qu'Appelle (Mr. Perley) stated, there is dissatisfaction with the price and with the operations of the grain exchange.

I am going to ask the minister, first, to clear up a point which I raised the other evening with the Minister of Agriculture (Mr. Gardiner). It has been stated in various parts of western Canada, as well as to myself, that the wheat board is assisting a number of grain operators on the grain exchange on a relief basis. The statement is made that the board is allowing these men sufficient business in the way of spreading options from month to month or from period to period to give them about $150 a month. If that statement is not true, this is the place where it should be cleared up. If it is true, the practice should be discontinued. With the situation as it is among our farming population, with low prices and no prospect of better conditions, the farmers feel that their industry should not be used to maintain operators who are part of an organization which they have fought for a good many years. I am referring to the Winnipeg grain exchange. As the minister knows, there is a widespread feeling among the farmers of western Canada that the grain exchange should be closed.

Then there is the other matter of storage referred to by the hon. member for Qu'Appelle. It is unnecessary to traverse the points he made because he presented them very clearly indeed. But our farmers are uneasy about the future; they wonder what the policy is going to be next year. They feel that if storage is required, they can build satisfactory weather-proof bins, and with the prices at their present depressed levels, they should be entitled to receive adequate storage charges. A return was brought down a short time ago showing that one grain company had rented a government terminal elevator at a rental of $51,000. On the basis of the minimum use of that elevator, the storage charges will give that company a revenue roughly five times that amount. Under certain circumstances, that revenue might be increased considerably, in which event the rent would be increased to some extent. But the revelation which was given wide publicity in western Canada has certainly not tended to give confidence to farmers of the west when they see a parliamentary return indicating a rental of that description and payment for storage in the neighbourhood of the figure I have mentioned. Some consideration should be given to that problem.

We as a group thoroughly endorse the request which was made early in the session and repeated in a few words to-night by the the hon. member for Qu'Appelle—I do not know whether he represents his entire party in that regard—that the whole elevator system in the country should be taken over under the War Measures Act at least for the duration of the war, and that there should be no private gain in connection with the elevator service. The hon. member for Wood Mountain last year discussed the amounts that were paid in storage. I was not sure that his figures were altogether correct, but even if they were not, his statement revealed a storage condition which is most alarming to those of us who wish to see the producers get from their industry all that it is possible for them to get, particularly at this time.

There are a number of questions which will come up under individual items of the estimates, and I do not propose to ask a series of questions now, particularly because some of our members have various questions to ask. I do, however, wish to place ourselves clearly on record that we think, first that the government of Canada under the circumstances which now exist, with vast accumulations of grain in our country, which are likely to remain in our country, should undertake to see that this tremendous accumulation of wheat is carried in the most economical way. The government has endeavoured this year to cut down the production of wheat, and incidentally the farmers responded better than I thought they would in reducing their acreage. But with the moisture conditions which now exist in western Canada, and with a good month in June and a few showers in July, we may actually, even with the reduced acreage, have a bigger crop this year than we had last year. With that possibility facing us, these tremendous accumulations of wheat, I repeat, should be carried in the most economical way possible and to the benefit of the producers rather than of the grain companies. I am certain that I speak for a very large number of people when I say that in order to do that, the entire elevator system in this country should be taken over by the government at least for the duration of the war, or, in the alternative, until we can dispose of these large accumulations. Then a further policy regarding the elevator and storage system of Canada can be decided upon through this parliament.

Second, I am of the very firm opinion that the grain exchange to-day performs no useful function. There was a time when we had long arguments here as to the advantages of spreading options month after month or period after period because it was suggested that was an economical way of carrying grain over. As Mr. McIvor's predecessor once

suggested to the parliamentary committee on wheat in 1936, it was a way of spreading the speculative losses over the largest number of people. The little speculators in those days were the people who took the losses; that is the interpretation I placed on his remarks, and that I think is true. At the present time there is no considerable trading on our grain exchange, and there seems to be no good reason why the exchange should be kept open.

One other thing I would like to say, and this is an endorsement and perhaps a repetition. Our group for a number of years has protested against the sending of munitions and supplies to potential aggressor nations, and I certainly was surprised when, after the government had stated a policy last year of preventing supplies of various kinds going to a possible enemy—and Japan now certainly is that without a doubt—I learned that we have just lately loaded a very large shipment of wheat to go to Japan. Of course it is said that it is only on Japanese account, that the wheat is going to China. But it is going to Japanese-controlled China in any event, and there is a possibility that either the shipment itself, or by replacing some other supplies, may eventually benefit our principal enemy, Germany. I certainly think the time has arrived when we should ship nothing to a possible aggressor. We may be at war with Japan at any time. As we know, she is threatening the Dutch East Indies to-day, and if that threat is carried out there will be war with Japan in a very short time. One of the reasons why I was so critical of the policies of the governments leading up to this war, one of the reasons why I feared that the democratic nations which were continuing this policy were not interested in maintaining democracy but that they might even be found on the side of the aggressor nations eventually, was the fact that we continued all through the pre-war years to ship supplies to countries which were ultimately going to use them to destroy us. We are following that policy now when we ship supplies to Japan. We have a fairly good excuse for not doing so because we have no control over that part of China. We have not a friendly government in that part of China to which the wheat is being shipped. Therefore I wish to endorse the principle that the wheat ought not to have been allowed to be shipped, and I hope that certainly no further sales of that kind will be made.

There are other matters I wish to bring up on individual items of the estimates as we come to them, but with these general remarks I shall leave the matter to-night.

Mr. QUELCH: I shall confine myself to-night largely to general remarks. First of all, on behalf of this group I protest against the shipment of grain to Japan. I was amazed when I heard that that is being done. I do not see how we can expect a really united war effort in this country so long as transactions of that kind are being carried on. It would be bad enough if the real destination of this grain was Japan, but apparently it is being shipped to Japan in transit to other countries which, if not our actual enemies to-day, at least are potential enemies.

In the past we have laid down what we considered to be a sound policy in regard to wheat, and I shall not take much time to-night to refer to that. We have stressed the fact that we consider the price of 70 cents a bushel altogether too low. We have pointed out that that policy has been largely responsible for building up the great surpluses which we have because farmers have been compelled to increase their operations in an attempt to reduce their overhead. We have suggested that a price of $1 a bushel for a limited delivery, with a minimum of 1,500 bushels graded upwards, should have been put in operation.

We have also urged on many occasions that the grain exchange should be closed because we do not believe it is performing any useful or necessary function at this time.

We have urged the government to take over all grain-handling facilities in order to do away with the very heavy storage charges which have to be paid during the war.

Another point which I believe is important is that regarding an advance against grain in storage on the farm. The minister himself has admitted that it is possible we may only be able to have an initial quota of two or three bushels to the acre instead of five. If that is so, I am wondering how the farmers will be able to carry on this fall.

Mr. MacKINNON (Edmonton West): I would not want the idea to go out to the country that either the Minister of Trade and Commerce or the government or the wheat board suggested that only two or three bushels would be taken on the first quota from the 1941 crop. The intention is that it will be five, but a great deal will depend upon the condition with regard to available space at the time.

Mr. QUELCH: I understand that, but the figure "five" was mentioned. The minister will agree, however, that under certain circumstances it may be possible to give only two or three, and even at five bushels to the acre, if a farmer has a crop of thirty or forty

bushels, he will not be able to pay his threshing expenses if he can deliver only five bushels. It is essential that advances should be made against the grain in storage so that the farmer can at least pay the actual cash operating expenses. I have here, order in council P.C. 3849 containing what I presume are the latest regulations, and I confess I find it difficult to know just where we are, because there have been so many orders in council, one cancelling the other, that unless we have the very latest we are out of date. I thought all this time I knew what the regulations were, regarding acreage bonus, but I find another one has recently been passed which entirely changes the picture.

Mr. MacKINNON (Edmonton West): There is just one in this case.

Mr. QUELCH: There is only one in so far as these regulations are concerned, and section 17 reads:

> Wherever a quota of the grain produced on any land becomes deliverable, any producer entitled to a definite share of the crop as landlord, vendor or mortgagee, shall be entitled to have delivered in his name a share of such quota proportionate to such person's said interest in the grain, and shall have equal rights of delivery accorded to producers under the act. . . .

Does that mean that out of his five bushels delivered the farmer will be able to get only a portion for himself, and that the mortgage company will have a portion and the landlord a portion? Surely it means that. I should like to be corrected if I am wrong.

Mr. MacKINNON (Edmonton West): The farmer will have the permit. Let me quote:

> . . . for such purpose the permit holder shall make the permit available, but the enforcement of this provision shall be the direct concern and responsibility of the interested parties themselves and no legal obligation shall devolve on the board in respect thereto.

Mr. QUELCH: But that does not alter the situation. It merely means that the board itself is not taking legal responsibility for enforcing it. The fact remains that the provision is there which compels the farmer to divide his quota with certain interested parties.

Mr. MacKINNON (Edmonton West): The farmer will have the permit, and he will get delivery.

Mr. QUELCH: According to section 17, it is supposed to be divided among the various parties. The board will not assume the legal responsibility of enforcing the provisions, but through the courts these other people can insist upon a share of the quota being delivered to them.. According to section 17, the farmer can be compelled by law to deliver a certain portion of the five bushels to the mortgage company and the landlord, and I suggest that it will be hard enough for him to carry on with five bushels.

Mr. ROSS (Moose Jaw): Has that not always been the law?

Mr. QUELCH: No, it has not always been the law. The farmer has not been compelled to deliver only five bushels to the acre.

Mr. ROSS (Moose Jaw): I am referring to the proportions that are delivered.

Mr. QUELCH: Yes; but the farmer has not formerly been in the position where he has been able to deliver only five bushels, or possibly two or three. He has been able to deliver the whole crop. Out of the five bushels he will have to pay his threshing bill, so that if a man threshes forty bushels to the acre, five bushels will not cover that expenditure.

Mr. DONNELLY: How could he get by last year?

Mr. QUELCH: Last year he was allowed to keep the whole five bushels.

Mr. DONNELLY: Who allowed him?

Mr. QUELCH: He had a special permit, and the five was quickly increased in the heavy producing districts to ten to the acre. In the Morrin district, the five was increased to eight almost immediately.

Mr. DONNELLY: Who allowed the farmer to retain the five bushels to the acre?

Mr. QUELCH: The provincial government at that time took steps to guarantee the farmer's retention of the first quota.

An hon. MEMBER: And only the provincial government can do it.

Mr. QUELCH: The clause need not be in there in the first place, but it definitely states that the delivery shall be on that basis. That is what I object to. If it were not there, it would not be necessary for the provincial government to enter the picture. Can provincial governments over-rule the War Measures Act?

There is another point. Could the minister give us the basis for that quota? We have asked for it before, but a good deal of time has elapsed. Can the minister tell us whether or not the quota will be based upon the average yield of each district? Will there be a different quota for different shipping points?

Mr. MacKINNON (Edmonton West): I have here a long statement which I intend to put on *Hansard* on another occasion with an accompanying explanation, but first I wish to deal with a large number of categorical questions that have been asked me to-night.

Progress reported.

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

Monday, June 9, 1941.

The house met at eleven o'clock.

THE KING'S BIRTHDAY

Mr. BRADETTE: Mr. Speaker, on the occasion of the celebration of the king's birthday—

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am sorry to interrupt my hon. friend, but I think we each had the same thought in our minds. As hon. members are aware, to-day has been fixed by proclamation for the observance in Canada of His Majesty's birthday. The anniversary of His Majesty's birthday does not actually come until December 14, but it is being celebrated in Great Britain on Thursday the 12th of this month. However, to-day being fixed for the observance in Canada, I take it it will be the wish of all hon. members that we begin to-day's proceedings with the singing of the national anthem. I suggest accordingly.

Whereupon the members of the house rose and sang *God Save the King.*

INCOME WAR TAX ACT

CORRESPONDENCE WITH PREMIER OF ONTARIO RESPECTING INCREASED TAX ON NON-RESIDENTS

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I be permitted to add to the file partly tabled a day or two ago some additional correspondence which has passed between the premier of Ontario and myself.

WAR EXPENDITURES

MOTION FOR CONCURRENCE IN THIRD REPORT

Mr. J. T. THORSON (Selkirk) moved that the third report of the special committee on war expenditures presented to the house on June 4, be now concurred in.

Hon. R. B. HANSON (Leader of the Opposition): I understood that there was to be some discussion on this. It is my understanding that the work of one of the subcommittees is not quite complete. If it would be agreeable to the chairman or the members it would be a matter of great convenience if this discussion could be postponed until to-morrow.

Mr. THORSON: I am quite agreeable to that.

Motion stands.

DEFENCE OF CANADA REGULATIONS

CONCURRENCE IN FOURTH AND FINAL REPORT OF SPECIAL COMMITTEE

Hon. J. E. MICHAUD (Minister of Fisheries) moved:

That the fourth and final report of a special committee on the defence of Canada regulations, presented to the house on the 4th instant, be now concurred in.

He said: Since very little of this report has been brought to the attention of the public it might be appropriate to say a few words by way of explanation.

As hon. members of this house know, the defence of Canada regulations are issued under the authority of the War Measures Act for the protection of the realm and the safety of the state, for the efficient prosecution of the war, and to protect Canada and her people from the activities of the enemy. The responsibility for administration of these regulations rests with the government and has been entrusted to the heads of various departments: the Minister of Justice, the Secretary of State, the Minister of National Defence, and, in some respects, the Minister of Transport. The regulations provide for protection against those who would give themselves to espionage activities or acts likely to assist the enemy.

The reasons for these regulations have been given to the public on many occasions; and of course, being rules passed during war time, in their nature and operation they are restrictive of the general liberties of the subject. Because of that fact, in some quarters they have not been altogether accepted, and in many instances have been criticized. The regulations were passed the day following the declaration of war, and have been in force ever since. During the last session a committee was appointed which studied the regulations and recommended certain amendments which were thought desirable in view of existing circumstances. Again this year,

on March 4, the house appointed a committee to look further into the regulations and report to the house as to what it might be advisable to suggest to His Excellency the Governor General by way of amendment. The committee held twenty-four meetings; a subcommittee was appointed, and the final report of the committee was made on June 4, appearing in *Votes and Proceedings* of that date.

The principal recommendations contained in that report were made for the purpose of giving the assurance that the administration of such regulations would afford full protection to those who might be affected by them; but before the final report was made an interim report was presented on April 3, containing suggested amendments to rules 26A, 26B and 37A, which amendments were accepted immediately by his excellency and at once implemented. The effect of these amendments was that persons who are nationals of and who were born in Czechoslovakia should be excluded from the category of enemy aliens. The report was concurred in and adopted by the house.

During the course of its deliberations the committee was fortunate in having appear before it Mr. Alexander Patterson, his majesty's commissioner of prisons for Great Britain, who happened to be in Canada in connection with the internees sent to this country from Britain and who gave your committee valuable information as to the manner in which similar regulations were administered in Great Britain.

Your committee has recommended important amendments to regulation 15. If hon. members will refer to the defence of Canada regulations they will find that regulation 15 reads:

> The Secretary of State of Canada may make provision by order for preventing or restricting the publication in Canada of matters as to which he is satisfied that the publication, or, as the case may be, the unrestricted publication, thereof would or might be prejudicial to the safety of the state or the efficient prosecution of the war, and an order under this paragraph may contain such incidental and supplementary provisions as may appear to the Secretary of State to be necessary or expedient for the purposes of the order including provisions for securing that documents, pictorial representations, photographs or cinematograph films shall, before publication, be submitted or exhibited to such authority or person as may be specified in such order.

The Secretary of State is entrusted with the duty and obligation of prohibiting the publication of pamphlets or other documentary propaganda which may be subversive, and he has the responsibility of declaring that such publications or newspapers are carrying on subversive activities. Some people, however, think this power might be subject to abuse; that it is altogether too much power to be given to one person, and that there is danger that such power might be used—not by the present incumbent of the office, but by possible successors—to restrict the publication of documents which could not be considered subversive. Therefore the committee has considered it advisable to recommend that the Secretary of State be authorized to call in someone to pass upon his orders when those concerned felt justified in appealing from his decision.

If the report of the committee is adopted, the following will be added to regulation 15:

> (3) Any person against whom an order is made under this section may take objection to such order to a committee appointed by the Minister of Justice to consist of a person who holds or has held high judicial office.
>
> (4) When objection is taken, the functions of such committee shall be to consider and make recommendations to the Secretary of State with respect to any objections against such order which are duly made to the committee by the person to whom such order relates.
>
> (5) Notice of objection shall be made to the Secretary of State within fourteen days from the date of service of the order in question, which order shall contain a provision notifying the person of his right to make objection and shall refer to the publication or publications in respect of which the order has been made.
>
> (6) On receipt of any such notice of objection, the Secretary of State shall forthwith notify such committee who shall make arrangements for the hearing of such objection.

In the event of the adoption of these recommendations the person or persons affected by the suppression of publications would have the right to object to the order of the Secretary of State, such objection to be heard by a person occupying or having occupied high judicial office. His report would be made to the Secretary of State.

A further recommendation of some importance suggests the repeal of regulation 22, and the substitution of another section. Hon. members are no doubt aware that section 21 provides for the detention of persons who are believed to be carrying on subversive activities. This regulation applies to British subjects, and the onus is placed upon the Minister of Justice of dealing with the liberty of such persons. Strong exception has been taken to the procedure which has heretofore been followed in dealing with these persons. Some critics have gone so far as to say that no such person should be arrested, detained or interned, without first having been tried as

to the justification for such detention. The committee has found that in the past, while there has been no abuse in the administration of these regulations, there might have been some justification in the minds of some people for apprehension as to the safety of persons who might have been detained without just cause. The committee recommends therefore slight changes in procedure, so that assurance may be given to the public that those who are detained will have full opportunity of appealing from the detention order made by the Minister of Justice. Under the amendment they may have their cases reviewed, and are given the opportunity to offer evidence in support of their contentions.

Heretofore an appeal from an order of detention was made to a committee of one, and it was stipulated that such person must hold high judicial office. It has been claimed that this provision is not wide enough, and that the tribunal hearing an appeal should consist of more than one person. The committee recommends therefore that it consist of three persons, the chairman being a person holding or having held high judicial office.

Mr. HANSON (York-Sunbury): No; the word "high" has been eliminated.

Mr. MICHAUD: Yes, that is correct. The expression "high judicial office" applies only to regulation 15. In regulation 22 the word "high" has been eliminated, and the chairman may now be a person holding judicial office.

Perhaps it would be well if I were to place on record the regulation suggested in substitution for the present regulation 22. The committee recommends:

That regulation 22 be repealed and that the following regulation, to be numbered 22, be substituted therefor:

22. (1) Any person aggrieved by the making of an order against him under the powers conferred by the last preceding regulation may make his objection to an advisory committee as provided in this regulation.

(2) For the purpose of this regulation the Minister of Justice shall appoint one or more advisory committees, each to consist of three persons, to consider and make recommendations to him with respect to any objections against an order made under the last preceding regulation. The number of committees appointed shall, in the opinion of the Minister of Justice, be adequate to deal promptly with the cases arising in the different parts of Canada.

(3) The chairman of each committee shall be nominated by the Minister of Justice and shall be a person who holds or has held judicial office.

(4) As soon as possible after detention under an order made under the provisions of the last preceding regulations, the person against whom the order is made shall in every case be informed of the general grounds on which he is detained and notice of his detention shall, where possible and not contrary to the public interest, be given to his family or such person as he may request.

(5) It shall be the duty of the Minister of Justice to secure that every person detained as aforesaid is informed of his right to make an objection under this regulation.

(6) A person desiring to make an objection shall deliver to the person having his custody a written notice of objection, signed by the objector, within thirty days from the date of such detention or such further time as the Minister of Justice in his discretion may allow, and a true copy of such notice shall forthwith be forwarded by the person aforesaid to the Minister of Justice for transmission to the chairman of a committee.

(7) The chairman on receipt of such notice of objection shall give such directions as may be convenient and necessary for the prompt and just disposition of the objection.

(8) It shall be the duty of the chairman to inform the objector within a reasonable time before the hearing of the grounds on which the order has been made against him, and, in order to enable him to present his case, to furnish him with as full particulars of the reasons for such order as in the opinion of the chairman the circumstances permit, and such particulars shall be further supplemented by the committee at the hearing by giving the objector all such further particulars as it shall deem necessary and advisable.

(9) The objector may be represented by counsel, solicitor or agent.

(10) The hearing may take place at any place and it may be adjourned from time to time as the committee shall determine. The Minister of Justice shall cause to be put before the committee all the information about such person available to the minister except such as is not in the public interest to disclose.

(11) Where the Minister of Justice has referred a recommendation of an advisory committee to the commissioner of the Royal Canadian Mounted Police in order that the latter may have an opportunity of putting such further material as he may desire before the minister, the commissioner shall submit such material within a delay of fifteen days or such further time as the minister may allow.

(12) The chairman or any member of a committee may administer oaths, and a committee may receive and accept such evidence and information on oath, affidavit or otherwise as in its discretion it may deem fit and proper.

(13) A committee shall have all the powers and authority of a commissioner appointed under part I of the Inquiries Act, chapter 99 of the Revised Statutes of Canada, 1927.

(14) The Minister of Justice may make further rules as to the manner in which objections against an order as aforesaid may be made and disposed of.

(15) The committee shall consider and make recommendations on any matter arising under these regulations which may be referred to it by the Minister of Justice.

These are the main recommendations made to the house by the committee in connection with regulations 15 and 22.

A minor amendment is suggested to regulation 39, which has to do with the spreading of reports or the making of statements prejudicial to the public interest or the carrying on of the war. A recommendation is made in respect to persons who "act in a manner prejudicial" to his majesty or who interferes with the success of his majesty's forces. A recommendation is made in connection with regulation 58, covering the forfeiture of articles seized by the police and providing that forfeiture and destruction of such articles may be ordered by the Attorney General of Canada or the attorney general of any province.

A recommendation is made that internees be segregated according to their classification. A recommendation is made that internees be given the privilege of receiving visitors provided that it is not against the public interest. The committee also recommends that before a person is taken to a detention camp he should be detained in the gaol or other place of confinement nearest to his place of residence.

It is hoped that these recommendations will be accepted by the house. It is true that in some respects they would seem to change the condition of affairs which has hitherto existed. The committee recommends that the chairman of each committee shall be a person who holds or has held judicial office. It has been brought to our attention that in Great Britain all the members of the committees are laymen and that it might be possible that a superior court judge or a judge of the high court would find it difficult at times to preside permanently.

I move that the report of the committee be adopted.

Mr. GREEN: What did the committee find with regard to naturalization and deportation?

Mr. MICHAUD: The committee did not have much time to go into those matters, but studied them sufficiently to be able to report that it would appear that the naturalization and immigration laws would not need to be amended at the present time, because they are not being used to any considerable extent. Before the war is over, however, it is possible that they may have to be revised.

The committee recommends:

> Your committee has received some evidence and has investigated these two important subjects in part only and, notwithstanding the fact that your committee has held a great many meetings, including on occasions two meetings a day, the limited time at our command has made it impossible to devote the time to these subjects which they require in order to enable a proper report to be made to the house.

[Mr. Michaud.]

> Your committee therefore respectfully begs to recommend that at the next session of the house the law relating to naturalization and deportation and matters incidental thereto be the subject matter of a reference to a committee of the house.

The committee felt that the law with respect to naturalization will have to be amended, in respect to procedure if not in principle. The same is true with respect to the law having to do with immigration and deportation. In view of changing conditions and the possible influx of immigration after the war, the committee thought it might be well that a committee of the house should be set up at the next session, or later if necessary, to study these two subjects exclusively.

Mr. GREEN: That would be separate from any committee studying the defence of Canada regulations?

Mr. MICHAUD: The report recommended that another committee of the house be chosen to study these two subjects.

Mr. GREEN: You have in mind a committee to deal with naturalization and deportation alone?

Mr. MICHAUD: Yes, a separate committee.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, the report which has just been presented by the chairman of the special committee on the defence of Canada regulations is the result of a careful and prolonged inquiry extending virtually over two sessions, because many of the members of the committee this year were members of the committee which sat in the previous session. During that time the committee held some fifty meetings, besides numerous sittings of its subcommittee; and incidentally I was a member of both the main committee and the subcommittee.

It appears to me that differences of opinion regarding the regulations and their administration are due to fundamental differences in approach. Some take the view that the regulations and final decisions should be administrative matters. Whilst the majority in both years took that view, a minority was of the opinion that the procedure should more nearly approximate a judicial procedure, and that at least the final decisions ought not to be left to the minister and his advisers. Because what I may call the administrative view prevailed, to that extent I was not able to approve the report.

But the main recommendations in the report do meet with my approval, and if carried out I believe they will do much to remove important objections to the present

procedure. I strongly urge upon the government the adoption of the recommendation affecting regulations 21 and 22.

Since regulation 21 as it originally stood is a serious departure from the normal course of court procedure and traditional British justice, every effort should be made to minimize the dangers to justice inherent in the regulation. This becomes I think more important and necessary since the passage of orders in council such as the one which was announced last Friday, P.C. 4061, bringing the coal mining industry under the regulations.

Mr. HANSON (York-Sunbury): What section brings them under the regulations?

Mr. COLDWELL: Order in council 4061 brings the coal mining industry under the defence of Canada regulation section 2 (*d*) by declaring it to be an essential service. It seems to me that an order in council affecting an industry in which organization is going on and has in some respects been established might have been considered in the house when we were discussing labour questions, as we were last week, and should not have been brought before the public simply by order in council. The use of the regulations against men engaged in the organization of even illegal strikes will in my opinion play directly into the hands of some whose real purpose may be to cause internal strife.

I regret that the committee could not adopt the proposal for an inquiry by a committee of three persons before a detention order was actually made. I should say in fairness, however, that evidence furnished to the committee showed that with proper safeguards the powers of preventive detention conferred upon the government under section 21 are necessary for the safety of the state. But unfortunately cases have arisen which indicate that in some instances the powers may not have been wisely used. The detention of Doctor Levine of Toronto, for example, after he had served his gaol sentence, and the arrest of James A. Murphy whilst engaged in negotiations with the Canadian Broadcasting Corporation on behalf of a group of its employees, have given rise to suspicion and uneasiness, and at least these two cases should be referred at the earliest possible day, for immediate investigation, to the committee which is recommended under the new section 22. If this is done under the proposed new section, appeals will be heard under conditions which will in my opinion ensure a fairer hearing than has hitherto been possible under the practice which has prevailed. Consequently I am strongly in favour of the immediate adoption of regulation 22 as recommended by the committee. Advisory committees of three persons presided over by a judge, provided that they are sufficiently numerous to deal promptly with objections, are in line with suggestions that we have made in the House of Commons and which have been urged by many organizations all across the country.

The new regulations, it will be noted, also require the chairman of the committee to furnish the accused with as full particulars of the charge as circumstances permit, and further obligate the committee at the hearing to supplement the particulars by giving all such further information as the committee shall deem necessary and advisable. This, it seems to me, is an important step in advance of the regulations as they have stood up to the present time. The accused, as the chairman indicated, may be represented by counsel; the hearing may be adjourned to give further opportunity of the production of evidence, and the minister is obliged to give the committee all information available about the person which it is in the public interest to disclose. I do not like that proviso, for it seems to me that a committee of the type contemplated ought to be as carefully chosen and as trustworthy as the civil servants who have access to all the information and who advise the minister regarding these cases. I do not think that judges and other persons who have the confidence of the minister to a sufficient extent to be appointed to these committees, should be denied any information that may assist them in obtaining a comprehensive and accurate view of the case.

Section 22 is also improved by suggesting that when the minister refers the committee's recommendation to the commissioner of the mounted police he shall submit within a period of fifteen days any further material he desires to submit. I think this should do much to obviate the danger of delay in final decisions, which delays, of course, have been a cause of dissatisfaction and suspicion.

The committee, I am glad to say, also recommended improvements in the procedure under regulation 39, dealing with organizations, publications, and so forth, banned under the regulations by order in council. I wish the words "or likely" to do something were eliminated from the regulations where they appear. In my opinion the interpretation placed upon them in some cases, particularly in the early part of the war, caused suffering and hardship and gave rise to suspicion of the regulations and their purpose generally. Apart from that, the recommendation that publishers of banned publications be given a right of appeal to a committee consisting of a person who has held or holds high judicial office will tend to a better administration of that regulation.

I strongly urge the adoption by the government of section 7 and 8 of the report. It has seemed to me that regulations regarding the writing of letters to their families and receiving visits from them ought not to be the same for interned British subjects as for prisoners of war. Under proper supervision, there should be no difficulty in liberalizing present internment regulations for Canadian citizens.

I am glad in somewhat the same connection to support whole-heartedly the recommendation which was made, and adopted by the house, to remove citizens of Czechoslovakia from the category of enemy aliens. I think that that was a matter of justice which was somewhat delayed.

While, for reasons which I think I have indicated, I did not support the adoption of the report when it was before the committee, I believe that its adoption by the house is a step in the right direction, as a return to more democratic procedure; and I hope that next session a committee will recommend still further modifications towards the restoration of the rule of law. In any event the present report indicates a desire to maintain more of our elementary democratic rights than has been evidenced since the outbreak of war. In common with others of the democratic, faith, I believe that we must be vigilant to see that reactionary forces do not succeed in destroying democracy at home whilst we are engaged in a struggle for democracy abroad; and every step towards the suppression of legitimate labour organizations, of the publication of proper comment on the activities of the government, and so on, plays into the hands of those who have the same general fundamental point of view as Hitler and those who support him.

Nor, may I say, on the other hand, must we allow our vigilance for British freedom to be imposed upon and used by subversive elements who pay lip-service to democracy in order to destroy the very basis of freedom in this country. We must guard against the would-be Hitlers and the would-be Stalins in our midst, for in regard to democracy and freedom, their objective is the same—its destruction. The unholy alliance between the forces of nazism and communism must be recognized and opposed. A United States writer coined a neat and, it seems to me, an appropriate name for their activities, which he described as communazism. In that regard, I might add, the economic agreements between Hitler and Stalin make Russia the economic ally of nazi Germany. Thus, Russia now has a stake in a German victory, a fact clearly emphasized by Russia's non-aggression pact with a ruthless Japanese imperialism murderously invading China and threatening freedom in the far east.

In this country, communists and their sympathizers whisper that the masses of our people would be no worse off under Hitler; and that, of course, is dangerously false and subversive propaganda. Actually, people who believe in political and economic democracy have a tremendous stake in the outcome of this war; for upon it depend our economic progress and our freedom. Wherever Hitler has gone, people's cooperatives, trades unionism, religious freedom, and all the freedoms have disappeared. Conditions were and are bad in our democratic countries, but they are infinitely better than those in Germany and German-controlled territories, and I hope that our people who are being subjected to the type of propaganda I have just mentioned will bear constantly that fact in mind. Here, men and women of diverse views may organize and agitate to achieve their objectives, but in the communazi totalitarian countries those who oppose the dictators are slaughtered, or imprisoned without any trial or appeal, or are forced to flee for refuge to the democratic countries. The fate of social democrats, trade union leaders, and leaders in the cooperative movement in the countries overrun by Hitler bears tragic witness to this. The very fact that in this house we can discuss, criticize, and try to amend—yes, and succeed in amending—the defence of Canada regulations gives the lie to the communazi propaganda in favour of a peace which would be a Hitler victory.

To say, as some are doing, that this is another imperialist war fought for economic and financial reasons, just another attempt to fasten the chains of international finance upon the world which ought to be opposed, is of course also a propaganda to undermine our determination to see this thing through. If that were so, we in this group, at least, would be opposing this war as vigorously as we criticized preparations for such a war when powerful interests in our own commonwealth were building up Hitler and Mussolini and seeking an understanding with them.

Mr. HANSON (York-Sunbury): What interests?

Mr. COLDWELL: What interests?

Mr. HANSON (York-Sunbury): What interests in this commonwealth?

Mr. COLDWELL: I would say that Mr. Chamberlain and M. Daladier, representing certain economic and social interests in Great Britain and in France, endeavoured at all

times, in the years prior to the war and right up to Munich, to come to an arrangement with Hitler. We need—

Mr. HANSON (York-Sunbury): That is quite a different proposition. It is a very strong statement the hon. gentleman has made, that we were building up Hitlerism.

Mr. COLDWELL: I would say that those who were endeavouring to come to some arrangement with Hitler, were lending money to Hitler and were trying to promote an agreement with him, certainly were building up Hitler and Hitlerism throughout the world.

Mr. BRADETTE: Hoping for peace.

Mr. DUPUIS: Because Hitler said that he wanted to fight Russia.

Mr. COLDWELL: The hon. member says, "because Hitler said he wanted to fight Russia." That, I think, is perfectly true. But now what do we find? We find that Hitler and Russia are in alliance and in agreement, and we face totalitarian powers both of whom would destroy our democratic institutions if ever they got the opportunity. That is what I meant when I said there were interests which were building up Hitler. May I say to the leader of the opposition that, but for the storm of protest that Munich caused, largely led by the labour and social democratic leaders in Great Britain and France, a firm stand would not have been taken later on against Germany and we might have been in a more serious situation than we are now. As to this present war being a war promoted for economic and imperialistic interests in the economic sense of the word "imperialistic", I would say that this is the first time in British history at least that the people of Britain forced a large portion of their government to take a stand in opposition to the interests which they, some members of the government themselves, favoured.

Mr. MACDONALD (Kingston City): What about the last great war?

Mr. COLDWELL: I am not going into that, but anybody who knows the history of the last war, and particularly Mr. Lloyd George's own statements both prior to and after the war, knows well that the underlying causes of that war were not the same as the underlying causes of this war. And that, may I tell the Minister of National Defence for Naval Affairs (Mr. Macdonald), is the reason why there are many thousands of people, almost millions of people, some of whom are now in the British government and in other governments of our commonwealth, who are supporting this war but who in the last war spent at least a portion of the war period in concentration camps. They recognized the fundamental difference between the causes of the great war and the causes of the present war. The vote last week of the British Labour party clearly indicates that, when 99 per cent of the membership of that great organization stood behind the war, whereas regarding the first great war that party was seriously split, split almost down the middle, as history clearly shows.

Mr. MACDONALD (Kingston City): May I ask my hon. friend—

Mr. SPEAKER: Order. May I point out to the hon. member that we are dealing with the defence of Canada regulations. I do not think the house would be justified in entering now into a debate on the causes of the last war or this war.

Mr. COLDWELL: I am sorry I transgressed the rules of the house, but I was invited to do so by certain questions that were asked.

Mr. HANSON (York-Sunbury): The questions were provoked by deliberate statements of the hon. gentleman, with which at least I am not in accord.

Mr. COLDWELL: The leader of the opposition is quite entitled to differ from any statements which I made. I am not expecting that he will be in accord with them.

In my opinion a great deal of educational work should be undertaken by the government and by members of this house in order to meet various sorts of propaganda that are now being carried on to undermine our war effort If this were done instead of having to use regulations of the type that we are now discussing I believe we should find that the people; understanding what this war is about and the motives of many of those—not all—who are opposing our war effort, would realize that their activities are not in the interests of Canada.

In this connection I would say that nothing would do more to increase courage and unity in this nation than a declaration by this parliament that when the war is over the country will use every power it possesses to see that every Canadian receives a square deal and has opportunity for a decent living. That would do more than the regulations which we are now discussing to unify this nation and to suppress subversive activities. Unless we do that, in spite of these regulations we shall find that discontent may grow and spread across our country. I know perfectly well that the communnazi organization of which I spoke is busy among our farmers in the west endeavouring to organize

meetings with seemingly innocent names and innocent people in order that later they may control and dominate them and use them for their own purposes. The same thing applies in the ranks of labour.

Mr. HANSON (York-Sunbury): If the hon. member will allow me a question; if as he says he has knowledge of these activities, has he communicated that knowledge to the proper authorities in Canada?

Mr. COLDWELL: The proper authorities know what is going on, although it is not—

Mr. HANSON (York-Sunbury): That is not the point of my question. Has the hon. member communicated that knowledge to them?

Mr. COLDWELL: It is not my function as a member of parliament to act as a special agent for the government. But where I have direct knowledge of sabotage or anything of the kind I shall deem it my duty to inform the government.

The stirring up of discontent at this time could not be successful unless conditions were present which make for its success. So that in carrying out these regulations the government should endeavour to distinguish at all times between legitimate discontent with regard to bad conditions and the promotion of discontent for ulterior motives. That is why we have always contended that there should be a complete and fair hearing for every person accused under the defence of Canada regulations. Since the report of the committee does go some way towards giving a fair hearing and a proper trial, that recommendation in the committee's report is to be welcomed. We must during this war vindicate and glorify our democratic institutions; anything which tends to undermine the confidence in our democratic institutions is subversive, whether that undermining is done consciously or unconsciously, by those in power or by those who are suffering under depressed conditions.

The work of the committee was worth while. We had different points of view represented, but I think at all times every member of the committee gave the opposing point of view full and sympathetic consideration. I was glad to be a member of such a committee. While there were differences in our approach to the problem, which of course coloured the report—for a report must always be a majority decision—yet I am thoroughly convinced that if the main recommendations now made are put into effect something will be done to liberalize the administration of the defence of Canada regulations.

[Mr. Coldwell.]

Mr. A. H. BENCE (Saskatoon City): Mr. Speaker, as a member of this committee I should like to say a few words in connection with the report, but first I want to express my appreciation of the fact that as one of the newer members of this house I was permitted to take part in the deliberations of a committee dealing with such an important matter as the liberty of the subject. I think I can safely say that all members of the committee approached this matter with one paramount consideration in mind, namely, that the safety of the state must come first, and that the ordinary processes of criminal law, whereby a man is deemed to be innocent until proved guilty beyond any reasonable doubt in the mind of the tribunal sitting on his case, must at least for the duration of the war in connection with these cases go by the board. We are dealing with a ruthless enemy. We cannot afford to take chances, and if there is any reasonable doubt as to the loyalty of an individual, it is up to him to dispel that doubt or be subject to imprisonment or at least close observation.

The safety of the state is the first consideration; yet we must not lose sight of the fact that we are tampering with the long-cherished and dearly-won rights and liberties of the subject, and with due regard to the safety of the state we must jealously and carefully guard those rights and liberties. The rights and liberties of the subject as we understand them in a properly constituted democracy must not be limited any more than is actually and militarily necessitated by the circumstances. Certain circumstances require drastic action; but when we do interfere with these democratic rights and liberties we must not do so lightly, and, as I say, we must curtail them only to the extent actually necessary for the safety of the state. I am fearful—and of course I am expressing my individual opinion only—lest we allow these rights and liberties to be taken away from us without proper thought and without a proper realization of what we are giving up; lest we should accept too readily statements that certain regulations are required for the safety of the state without carefully examining the underlying reasons for those assertions. I suggest that we must guard against any glossing over of the possibility of injustice with the thought that, after all, these regulations are only for the duration of the war; for I suggest that we in this house must realize that it is up to us to decide what is necessary and appropriate at this time. We cannot absolve ourselves of the responsibility that is ours when we introduce regulations such as these; we must accept that responsibility and realize that if any injustices result from the regulations we as

members of the House of Commons are responsible for such injustices because we are the ones who are interfering with the rights and liberties of the subject.

In examining the effects of the regulations I sincerely suggest that each member of the house try to put himself in the position of one against whom an order has been made under the provisions of section 21, and consider the position he would be in and whether he would then believe that he had a reasonable chance of obtaining justice. In our consideration of this matter we may be inclined to be too easily influenced by the thought, "Oh, it cannot happen to us." That, Mr. Speaker, may have been just the thought that passed through the minds of some of those who are to-day in internment camps. I am not suggesting for a moment that we have not a fair-minded man in the person of the Minister of Justice (Mr. Lapointe). I believe he is eminently fair-minded. I am not suggesting for a moment that he has not fair-minded men as his advisers; but he might not always have them, and it is dangerous to adopt the principle that even though some of our laws do not protect the individual as completely as they might, we can depend upon the fair-mindedness of those in charge of the administration of those laws. I suggest to you, sir, that this is a dangerous principle to adopt because we must guard against even the ultra-loyal and over-zealous official, and against the possibility of a narrow-minded one. I am sorry to say that I believe there are persons in this country to-day who cannot help feeling that anyone who advocates a change in the status quo is a dangerous radical, and we must guard against the possibility of putting too much power into the hands of such individuals. I say, too, that we must be very careful to avoid the possibility of the public having ground for thinking that there is an avenue open for the introduction of political persuasion or influence. In a nutshell what I am trying to say is that we must, if we possibly can, avoid regulations which reveal bureaucratic or undemocratic tendencies.

Your committee spent a great deal of time considering these regulations; so much so, as was pointed out by the Minister of Fisheries (Mr. Michaud) whom we were privileged to have as chairman of the committee, that we were unable to pay very much attention to the questions of naturalization and deportation. Consequently it has been recommended that a special committee be authorized at the next session of parliament to deal with these subjects.

As to the details of the recommendations, I think I can say that there was fairly general agreement; but so far as the principles involved are concerned I for one could not agree to the retention of certain provisions of the regulations as they previously stood, and which, since they are not excluded by the amendments, are still there. I cannot concur in the policy of continuing to have the final and complete responsibility in the hands of the Minister of Justice and his advisers. Under the regulations as amended the internee is given the right to object to his internment. There is a certain time limit within which he must make his objection, and then he is given certain of the facts for the purpose of allowing him to prepare his case. Under the amendment these facts may be amplified at the hearing before the advisory committee, which is a tribunal of three under the amended regulations. The regulations provide certain other safeguards and procedure in connection with such hearings, which I need not discuss at the moment, but the suggested amendments contain a very significant provision, which I submit is fundamental, and which is contained in paragraph 10 of regulation 22, as amended by paragraph 2 of the report, which reads:

> The Minister of Justice shall cause to be put before the committee all the information about such person available to the minister except such as is not in the public interest to disclose.

In other words, this committee of three is not to have all the evidence available against an internee and, consequently what is likely to happen is this. The evidence will be passed upon by the committee. The committee will decide that there is not sufficient to have the man kept in an internment camp, and will recommend accordingly. The matter is then referred to the Minister of Justice through his advisers. Further evidence is furnished to him, and, as a result of that further evidence, he determines that the man should be kept incarcerated. To the bewilderment of those who do not know the man, despite the fact that the committee of three set up under the regulations has recommended his release, the minister, on information not available to that committee, determines that the person in question should be kept in an internment camp. I suggest therefore that even under these regulations as amended the committee has no responsibility.

I know it will be pointed out that in a recent report placed before the house the minister accepted all the recommendations of the committee. That is true. But it must be remembered that in a report tabled some time ago, out of twenty-five recommendations for release the minister refused to accept nine.

I suggest first of all that if the committee is going to deal with this matter in a responsible manner it is entitled to have all the evidence. It is a responsible committee and

could hear evidence in secret. There would be no necessity to have the internee present when evidence which might be prejudicial, if it leaked out, was made available. I do suggest however that unless the committee has the whole of the evidence, the set-up is useless, because we would have built up a structure which turned out to be a hollow shell. The tribunal is not yet to have all the evidence, consequently it cannot possibly give a decision in accordance with all the facts.

In addition to placing before the committee all the evidence available, I suggest it should have the final responsibility, at least in respect of cases concerning which the committee makes a unanimous finding. It may be that where there is not unanimous opinion in the committee, and consequently a doubt, final decision should be made by the minister. I suggest however, always having in mind the thought that the committee would receive all the evidence, that in cases in which the committee is unanimous in respect of a man's release, its recommendation should be taken as mandatory.

In connection with the original internment under section 21, I suggest that more formal procedure should be adopted. There should be a committee of three, such as has been suggested this morning, which would examine the evidence and advise the minister before an order is actually made. We must realize that once a man has been interned under the provisions of section 21, despite his innocence and his subsequent release a stigma attaches to him which renders it very difficult for him to reestablish himself in civil life. I believe examples could be cited to substantiate the statement I make, namely, that a man has the greatest difficulty in reestablishing himself in civil life once he has spent any time at all in an internment camp. Many people, following such internment, are inclined to believe that if he served some time in such a camp, despite his subsequent release there must have been some good reason for his internment.

Generally speaking it may be true to say that we are following the procedure as laid down in England. We have often boasted of our own autonomy, and in this instance I suggest it is up to us to adopt our own procedure, and to do it on our own responsibility. It is not necessary for us blindly to accept the procedure as laid down in England, because the situation over there is entirely different. They are in the front line of battle. I believe it can be said with safety that the regulations in England to-day have engendered much unfavourable comment on the part of responsible persons. Injustices and inequities have arisen in great numbers, and I believe that before long—this is my personal reaction from what I have read—we shall find that the whole principle upon which the regulations in Great Britain are founded will be changed.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, as a member of this year's committee on the defence of Canada regulations I should like to make one or two observations. May I say first that the work of the committee itself was an extreme pleasure. It was one of the most harmonious committees on which I have had the privilege of serving in the past few years. While there were some details concerning which hon. members differed, such differences were indicated in a happy spirit.

In passing may I pay tribute to the management of the committee under its worthy chairman, the Minister of Fisheries (Mr. Michaud). If in Canada there has been any criticism of the defence of Canada regulations, I believe it may be said that at least some of such criticism has been based upon a lack of understanding. Serving on that committee I learned many things I had not known before, and it occurred to me that if the people of Canada were permitted to learn some of the points which were brought to my attention, it would be in the public interest. For instance, one of the criticisms levelled against the regulations is that there has been extreme delay between the picking up of a suspect and the taking of the examination. We had some reason to believe that at one time there was justification for that criticism. When the facts in that connection were known they set our minds at rest, at least to some extent. The public should recognize that perhaps for the most part the delay was due to the fact that when war broke out, and when later Italy entered the war, it was only natural to expect a general rounding up of suspects, and that many would be taken into custody for fear that they might be a danger to the state. When several hundred men have to be examined, of necessity there must be some delay. But this condition should not arise at the present time. Hordes of suspects are not now being picked up; it is only the occasional one now and again. During the past year and a half since the war broke out the public have periodically become extremely concerned about this or that situation. I can remember when Germany began to invade the lowlands, when she invaded Norway, when fifth column activities were brought to our attention as they had never been before. The natural impression the public got was that the same thing might happen here, and it might in some degree; but I do not think everyone with a foreign name should have

been suspected. The result was almost tantamount to public hysteria. Complaints were made to the police, and I think the evidence will show that instead of having too many suspects, their biggest job was to weed out the complaints for which there was no foundation.

One particular case was brought to my attention. A young clergyman came from the United States to take over a charge in this country. He was of Dutch origin, some few generations back, and spelled his name with a "van". Because that was pronounced "von" and he happened to have a motion picture camera with him, the whole community became startled. This particular town happened to contain a number of grain elevators. The young clergyman had never seen such huge storage elevators before. He took some pictures, and it was soon noised around that he was carrying on fifth-column activities. Considerable damage was done to the reputation of the man, to the community and to the work he was carrying on.

The public should realize that it has some responsibility in this regard. It is all right for the leader of the opposition (Mr. Hanson) to say, as he said a few moments ago to the hon. member for Rosetown-Biggar (Mr. Coldwell), that the authorities should be informed. I admit that if anyone is in possession of information he should inform the authorities, but I do not think people should run off to the police simply because they are suspicious. That is not the right spirit to have in a country. Instead of people being calmed, the tendency is to rouse them and that is not good.

We are taught from childhood that one of the axioms of British justice is that a man shall be deemed to be innocent until he has been proven guilty. I believe that is still the rule in the administration of our criminal law. It would be well for the public to realize that the picture changes a little bit when a nation finds itself in a state of war, and espionage or fifth-column activities are likely to be extant in the country. At such times men are picked up not necessarily because they are guilty of this or that, but because they are regarded as being dangerous to the state. The order becomes reversed; the procedure is not carried on through the ordinary judicial channels. The hearing which is held is not necessarily a trial; it is more in the nature of an examination—not to prove that a man did this or that or said this or that, but to satisfy the authorities that he is a safe man to be at large, that he is not a danger to the state. If he is regarded as a danger to the state, of necessity he must be confined. I think it would be well for the people of this country to recognize this.

Last year when I was speaking on this matter I said that it might be possible for those who are administering the defence of Canada regulations to make psychological mistakes. As someone has said, we are fighting a psychological war, and this principle enters into the administration of the defence of Canada regulations in a time of war. There is a very strong psychological principle of which the government must be aware. Personally I deplore the emphasis being placed upon the picking up of a suspect on some flimsy piece of would-be evidence while perhaps there are things taking place in the country which are far more dangerous to public thinking. I am not so sure that we did the right thing in outlawing Jehovah's Witnesses. I am not so sure that we did the right thing in outlawing Technocracy. I am not expressing my deliberate opinion, but I am saying that I am not so certain that these two organizations are a tremendous danger to the state. At lease the authorities should be very careful how they administer the defence of Canada regulations in respect to those two organizations. Perhaps I do not know all that I should know about them, but what I have in mind is this, that there are things happening in Canada, and I would go so far as to include perhaps certain policies which the government itself holds, which psychologically are a greater danger to public thinking than the distribution of perhaps some more or less harmless literature by these two organizations or even by others.

Perhaps one may wonder what I have in mind. Of course I know that the government has the answers to all these criticisms, but whether the answers are satisfactory to other members of the house or satisfactory to the public of Canada, I do not know. For instance, we had brought up in the house the other day the matter of the shipment of wheat in sacks from Canada in Japanese bottoms, the destination of which was supposed to be somewhere in China. The government may have its answer to that, but I am saying this, that whatever answer it gives I do not believe it has satisfied the people of Canada. If there is anything we desire to maintain in all of Canada it is complete unity and complete loyalty. Here we are carrying on a recruiting campaign and a campaign to raise the victory loan, and this thing coming into the picture right now is causing dissension.

You may say, what has this to do with the defence of Canada regulations. I answer just this. An individual may be picked up somewhere in Canada for distributing a pamphlet.

The whole community becomes aroused. Yet on that very same day they read in the press a report to the effect that Canadian wheat is perhaps being shipped to the axis powers. That is extremely bad. While I am on this point may I suggest that there are others besides members of parliament, and those who are administering the defence of Canada regulations who have a responsibility in the matter of the unity of Canada and the loyalty of its people.

Here is the front page of one of Canada's leading daily papers.

Mr. JOHNSTON (Bow River): What paper is it?

Mr. HANSELL: The Calgary *Herald.*

Mr. JOHNSTON (Bow River): Did you say leading paper? Leading what?

Mr. HANSELL: When I said "leading," I had in mind one of our largest and most widely circulated papers. On the front page in very large headlines spread across two columns—I do not know what point type it is, but you could read it about a mile away—

Mr. DUPUIS: What is the date?

Mr. HANSELL: Thursday, June 5, and this article is captioned in big letters, "Alberta Grain For Nazis?" There is a question mark after the headline. It is really a question that is asked, but people read the headline without seeing the question mark. The intent behind a heading of that kind is very obvious to some of us, that the paper is attempting to brand the Alberta government as pro-nazi.

Mr. HANSON (York-Sunbury): What paper is that?

Mr. HANSELL: The Calgary Daily *Herald.* I do not know whether it was Alberta grain or not. What difference does it make where the grain was grown?

Mr. JOHNSTON (Bow River): Who is responsible for the shipment?

Mr. HANSELL: That is the point. The article goes on to tell the story, but we all know that people do not read all the details in an article. This government is responsible for shipments that go out of Canada, and when we see things like that happening while the authorities may be fiddling around—perhaps I should not use that term—while the authorities may be picking up a bit of a suspect here because he was heard to say something over there, I say that sort of thing is not good for Canada. That is what I mean when I say we are in danger of making great psychological blunders in connection with this whole matter.

[Mr. Hansell.]

Mr. JOHNSTON (Bow River): What will the Minister of Justice do about it?

Mr. HANSELL: I do not know what he can do about it.

Mr. JOHNSTON (Bow River): I know what he should do.

Mr. HANSELL: I am arguing that that sort of thing is not something that happens just once a year. It is the sort of thing that goes on all the time in certain parts of this country, and it is the sort of thing that causes disunity. It is the sort of thing that retards proper patriotism. It is the sort of thing that causes people to question their loyalty to Canada, people who want to be loyal. It is the sort of thing that plants seeds of doubt in their minds.

As the hon. member for Acadia remarks, it raises in the minds of the people a question as to the sincerity of the government in its war effort. That must be recognized, although I personally do not question its sincerity. In view of the state the country was in when the war broke out, and of what has had to be done on short order, I am not going to suggest that any other government could have done better. If any blame is to be attributed to our lack of preparation it will have to be focused upon the statesmanship of this country during the past fifteen or twenty years. It is there that the trouble lies, not necessarily in the present set-up. I shall have more to say upon that topic, which is not relevant to the defence of Canada regulations, upon some other occasion.

I was dealing with the psychological effect of these regulations as regards our war effort. I do not suppose that at present we are shipping scrap metal to Japan; I could not prove either that we are or that we are not. But certainly we were doing so not very long ago. Now we are going out in pursuance of our salvage campaign and asking people to contribute their scrap metal. Certain farmers who have a good deal of scrap metal have commented to me along this line: "It is all very well to ask for scrap metal now, but it is a known fact that hundreds of thousands of tons were shipped to the axis powers or to Japan prior to the war, and perhaps since the war." Such things have a tremendous effect on public opinion. If we are to achieve a total war effort in this country, it will pay the government and other hon. members to be very careful, even in the minutest detail, of the way in which we carry it on, and of the effect of the defence of Canada regulations upon the mind of the people and their relation to our entire war effort.

Personally I am in favour of the adoption of this report. The recommendations contained therein are an improvement upon what we had before. I believe that the Minister of Justice has been unduly blamed for a number of things which, even though he may be responsible for them, must be viewed in the light of the fact that he is in a position which has been imposed upon him, and it is not altogether a happy one. In my opinion he has done his work exceptionally well. I can take no other attitude, not because of any compulsion upon me, but because it is my conviction that he desires to act fairly in the administration of the regulations for which he is responsible.

May I specifically call attention to the recommendation for the continuance of the work of this committee or of a similar body during the next session, and for a further and more detailed investigation with regard to naturalization, and regulations relating to the deportation of those who have come under the odium of the defence of Canada regulations.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. BROOKE CLAXTON (St. Lawrence-St. George): Previous speakers in this debate have all emphasized the importance of this matter, and, in my submission, quite properly so, because it concerns two subjects of the utmost importance to all of us at this time, namely, the safety of the state, and the liberty of the subject. Wrapped up in those two subjects is the whole reason why we are fighting this war, and in their relation lies the difference between ourselves and the system for which we are fighting, and the system of nazi Germany.

The subject is important for another reason. It is not only necessary that laws should be just; it is equally necessary that they should be recognized as just. Owing partly to the fact that this subject has not been discussed very much in parliament there has grown up a considerable amount of misunderstanding and misapprehension about the defence of Canada regulations and the way in which they operate. The best way to clear up that misapprehension and convey understanding and confidence is by debate in this house. It is interesting to note that in the British house, despite their natural preoccupation with the war, this subject is probably more fully discussed than any other single subject outside the conduct of the war itself, and that in Britain parliamentary concurrence is required in every change made in the regulations.

The defence of Canada regulations are designed to promote the safety of Canada. We are in a war for survival, and it is impossible to overestimate or exaggerate the great seriousness of the situation in which we and our allies find ourselves. We know that the enemy has used every means in every country to accomplish his fell designs. We have seen the long roll of countries that have been pulled down to slavery by ruthless aggression and propaganda and fifth-column activities—Austria, Memel, Danzig, Poland, Norway, Denmark, Holland, Belgium, France, Roumania, Bulgaria, Hungary, Yugoslavia, Greece. We have seen what happened there, and we do not intend that it shall happen here.

The defence of Canada regulations are as much designed to defend us in what we are doing in this country as are the munitions of war with which we arm our troops. They are a fighting weapon, and for that purpose they are being used. Unless Canada is kept free, the freedom of Canadians is not worth anything.

I intend to deal principally with regulations 21 and 22. Regulation 21 provides that the Minister of Justice, if satisfied that with a view to preventing any particular person from acting in any manner prejudicial to the public safety or the safety of the state it is necessary so to do, may issue an order for his detention. The words "acting in any manner prejudicial to the public safety or the safety of the state" are abstract, but if we substitute for them "the safety of Canada," the place in which we live, the place we love, then the people of Canada would recognize more the purpose and need of the regulations.

Detention is not ordered by reason of the commission of any offence. It is not a criminal proceeding; it is purely precautionary and preventive. The purpose of the regulation is to render harmless any person who might reasonably be suspected of plotting to cause harm to the state. Some critics of the regulations suggest that we should "be tough," that we should lock them all up. But who is to tell who "they" are that we should lock up? That is the purpose of the regulations and of the procedure.

Other critics of the regulations say that the procedure should be judicial, that the whole thing should be assimilated to a trial before a court. But the great mass of the people, and surely all hon. members, recognize that the prime purpose of the regulation is to protect the safety of the state, the safety of Canada,

the defence of Canada; and it is of paramount importance that that purpose should come first in all our considerations.

Second, it is the responsibility of the government of Canada to take all means that may be necessary to secure the safety of the state. That responsibility rests squarely on the shoulders of the government, and the government cannot divest itself of this responsibility by turning it over to any court. No Minister of Justice would feel obliged to follow the recommendations of anyone else. The responsibility falls upon the government; the government must have power to discharge the responsibility, and that of necessity involves that the final discretion as to who should be detained must rest with the Minister of Justice. I suppose everyone here recognizes that no one would b more pleased than the Minister of Justice himself to be relieved of that responsibility—

Mr. LAPOINTE (Quebec East): Hear, hear.

Mr. CLAXTON: —but I do not think he will willingly acquiesce in being relieved, and I do not think this house or this country would wish to see him relieved of it.

In the third place, in the very nature of things this procedure cannot be judicial. It is not concerned with a judicial operation. It is concerned with taking such steps as may be necessary, and taking them just as fast as may be necessary, to see that no harm is done to the state, to Canada, through a person being allowed to remain at liberty.

Mr. HANSON (York-Sunbury): If the hon. member will allow a question, does he not think that the matter of a review by the minister is the exercise of a judicial function and not a ministerial function?

Mr. CLAXTON: Of necessity it must be administrative, but he will naturally exercise that function with discretion and in as judicial a manner as he possibly can.

I submit that the procedure cannot be completely judicial. Also that by reason of the very character of the whole operation and the purpose of the regulations there are some matters that cannot be disclosed to any court or to any body. The identity of informers, the sources of information must be kept back by the minister and his officers when they feel that it would not be in the public interest to disclose such sources of information, because once the source is disclosed it is no longer available for the purposes for which it might be used.

I submit, therefore, Mr. Speaker, that there are three principles to which we should subscribe. First comes the paramount consideration of the safety and defence of Canada. Then comes the responsibility of the government, and third, the fact that of necessity the matter cannot be dealt with in a completely judicial manner.

These things having been said, we come to a matter of the utmost importance; that is, that we should do everything in our power to secure to every individual his liberty and to see to it that no man is detained longer than is absolutely necessary to achieve the primary purpose I have mentioned. That is so for a very important reason. This is not only a war for the survival of nations; it is a war for the survival of ideas and ideals. How we are to fight the war depends on morale as much as anything else, and morale to a great extent is wrapped up with this question of individual liberty, with our fighting as free men and not as slaves. Dorothy Thompson put this magnificently in commenting on the president's speech last month, when she said:

> And then he sat down with us and said, it seemed, "I know you want to know how things are—well, they are like this."
>
> And listening, we knew they are like this. Just exactly like this. When he stopped speaking, we were quiet, and then suddenly we felt happy—happy and free.
>
> That is the function of free speech. To make people more free. To take shackles off their minds and off their wills; to bring light into their intelligences, understanding into their hearts, and to put marrow into their bones.

In those words she put the case for freedom, and it works. Freedom is the most important thing in the world, the breath of life, the source of all security, the means of all progress. To assert that liberty is dead is the same thing as saying that life itself is dead. So much is this so that every person speaking of our war and what we are fighting for says we are fighting for freedom. The words have been repeated over and over again, until somehow they are beginning to lose their force with some of us and are coming to be just words. It is important that we should put the words into acts, that we should act them as we go along and show that we believe freedom is important by pursuing freedom as a way of life to-day, as well as a goal of war and the fruit of victory. We must convince our workers that our interest in democracy begins at home.

Then, too, we must differentiate just as much as possible between ourselves and the enemy we are fighting. We can beat them with more democracy, not less; with more freedom and not more naziness. When we say "he should be shut up"; when we raise a race cry of any kind; when we speak about leadership as though it is some divine principle, then we are playing Hitler's game, we are showing that we also are a little hitlerized.

We have to make our democracy fight for us, and we have to fight with it as we go along. This is important in Canada by reason of our alien population, with some 800,000 people of German descent and 140,000 of Italian descent. It is of the utmost importance that we should show these people, the vast majority of whom are completely loyal, that they were right in leaving the old land and coming to this country; that they were right in staking their future here; that this is the place where they can be free to work out their lives in cooperation with us and have the protection of our laws.

Then we must observe free ways because of the effect on neutral countries. Sometimes in the United States we see some of the enemies of our cause, as well as others who sincerely believe in isolation, stoutly maintaining that if the United States goes to war she loses her freedom. We in Canada have shown that this is not so, and we should continue to show it.

There is the effect of our freedom on the enemy himself. Every time we bring about any curtailment of individual liberty Hitler uses that fact in his propaganda machine. Ultimately the break-down of the enemy will be brought about by the recognition by his people that in ours they can find a very much better way of life than in any nazi system.

A further point is that repression and suppression create fear and lack of confidence. We should not repress our friends; we should suppress Hitler. There is also the question of the possible misuse of arbitrary power. I think everyone is agreed, as all the representations made to our committee agreed, that we have no reason to fear this under the present Minister of Justice. They seemed to suggest that under some other minister, who might be one of the hon. gentlemen sitting opposite, there might be some such cause for fear, but there is always the possibility of abuse in any restrictions on liberty; and the best safeguard against such abuse is liberty itself and the freedom to criticize and speak one's own mind.

Throughout the war we have done everything in our power to keep our money worth exactly what it was when we went into the war. By avoiding inflation we have done our utmost to preserve material values. We should also do our utmost to preserve spiritual values, because they are what we are fighting for.

I think that in considering the regulations and the representations that were made our committee was moved by consideration such as I have described to the house. That is, the committee had in mind the paramount necessity of safeguarding the security of Canada and then of doing everything not inconsistent with that end to safeguard the liberty of the individual. And it is fair to say that in our deliberations, as well as in the submissions made to us, there was shown a very wide feeling that, generally speaking, the regulations were being fairly administered, without very great hardship. It was shown that they were necessary, but that naturally everything possible should be done to safeguard the rights of the individual, once the security of the state had been obtained.

The representations regarding regulation 22 really came under five heads. First, it was suggested that if possible we should have some formal proceeding before the alien was interned. I confess I should have liked to see that done, had it been possible to work out something acceptable to the committee. I spent a great deal of time trying to draft something, and I am sure other hon. members did likewise, and we found that we could not do it. It is an exceedingly difficult problem. There is also this to be said, that if this proceeding were mandatory on the minister it might prevent his taking the action we would want him to take without delay. And if it is not mandatory, but rather discretionary, then it would add nothing to the present situation. In that connection I personally express the hope that the minister may find it possible to seek the advice of three persons appointed by himself in all cases when detention is recommended instead of just in respect of persons of enemy origin.

The second complaint was that the detained persons did not have sufficient particulars put before them to enable them to make their defence. We found that the particulars were often very brief, and it will be seen that in the suggested regulation 22, the adoption of which is recommended, there is provision for the fullest possible particulars not inconsistent with the public interest.

Third, complaints were made on grounds of delay. We found that there had been delays, but that they had arisen almost of necessity from the fact that last June and July large numbers of people of Italian origin were apprehended in a hurry. That had to be done, and some time was required in which to dispose of their cases. Provisions will be found in the suggested regulations which have for their purpose the cutting down of delays.

Fourth, it has been suggested by the hon. member for Saskatoon City (Mr. Bence) that all evidence available to the minister should be put before the committee. I believe it is the view of the majority of members that that is not possible in every case, and that it

is not in the public interest to disclose all the evidence or all the sources of information the minister may have.

Finally, it is suggested—and it was repeated a few minutes ago in the question of the leader of the opposition (Mr. Hanson)—that the minister should have to follow the advice of the advisory committee.

Mr. HANSON (York-Sunbury): That is not what I said. I was asking the hon. member if he did not think that with respect to the review of decisions the minister's function was judicial and not purely ministerial. That was the point I was trying to make.

Mr. CLAXTON: I shall attempt to answer the leader of the opposition on that point. I would submit to him this case: The advisory committee brings in a report recommending release. The minister has available to him information from a secret source which he did not feel at liberty to put before the committee. He may then exercise his discretion, and, notwithstanding the recommendations, refuse to accept the advice of the advisory committee.

Mr. HANSON (York-Sunbury): Then why have an advisory committee at all?

Mr. CLAXTON: Because the advisory committee is of the utmost assistance in dealing with the vast majority of cases. The number of cases in which the minister has refused to follow the advice of the advisory committee is exceedingly small. I believe I am correct when I say that it is considerably under twenty since the outbreak of the war. And even in those cases I understand the minister keeps the facts continually under review. They come up again and again. The minister in these cases has exercised his discretion and has not ordered the immediate release of the aliens.

In the report submitted to the house a new regulation 22 has been suggested for adoption by the governor in council. It describes in much greater detail than before the suggested lines of procedure, a procedure which is much more liberal than that now followed in Great Britain. The procedure we had before was somewhat similar to that followed in Great Britain. That which we hope the government will introduce in consequence of this report is fairer, and provides ampler safeguards and a better chance to the detained person than the procedure we had before, or that followed in Great Britain.

I would draw to the attention of the house the fact that while criticizing the report in part, hon. members who have spoken previously have all agreed that it represents a substantial improvement on the situation which existed before. I believe that is the view of every fair-minded person who reads the report. And it does not in any single particular reduce the safety of Canada. From that point of view it leaves the position exactly as it was. But it does add safeguards to the procedure which already exists.

In addition to the defence of Canada regulations we have the provisions of the criminal code and the Treachery Act. There is ample power in Canada to deal with subversive elements and subversive activities That is shown by the fact that since the beginning of the war, so far as I know, there has been no single act of sabotage in Canada traceable to enemy origin. That does not mean that we may not have such acts; it does not mean that we should become over-confident or complacent, but it does mean that we have taken the measures necessary to safeguard Canada during this time of war, and that they have been effective.

In addition to such measures, however, may I point out to the house that far more effective than any repressive means is the loyalty of the Canadian people, the morale of the Canadian people. All the persons who have been prosecuted for so-called beer-parlour offences under regulation 39 may have done less harm to recruiting in Canada than a single newspaper editorial. We cannot deal with newspaper editorials by regulation. No one would wish us to. But we can secure the cooperation of the editor and the Canadian people, through every possible means. We can strengthen our pride in Canada and its achievements. We can strengthen our sense of individual responsibility, and our confidence in our institutions. We can strengthen our belief in victory and should be able to hope that after victory we shall have a better world. What kind of world are we fighting for? We are not fighting for a world in which, after the war, we shall have another depression. This is found in "Canada Fights." We are fighting for—

> —a world in which a nation would not be called upon to go to war every fifteen or twenty years; a world in which wheat and other agricultural commodities, together with the product of forest and mine, could be sold at a price that would enable the producer to live in reasonable comfort and to educate his children; a world in which every adult able and willing to work would have employment, and in which our present liberties of thought, speech and religion would be maintained.

I suggest that those are war aims to which every party in this house, every hon. member in this house can subscribe. These, or similar aims, should be proclaimed throughout the land as the reason why we are fighting. We are not fighting just to keep the status quo, to

retain our membership in good clubs, to keep our money; we are fighting a far more desperate struggle than that, and we are going to be able to put our utmost into it only if we have some such aim, only if we can show that we can plan a better world than Hitler, only if we can create a common goal of living and give life a new meaning. These are practical considerations to-day, the kind of thing that the Canadian people can be told again and again. The text for the telling might well be taken from I Corinthians, chapter 14, the eighth verse:

For if the trumpet give an uncertain sound, who shall prepare himself to the battle?

Every agency in Canada can strengthen our pride, our confidence, our belief, our faith and our fortitude to endure united until victory and peace are won. With this kind of feeling in the land there will not be much need for defence of Canada regulations.

To-day in Montreal we hear two different kinds of rumours about recruiting. These are being spread about to create racial feeling among the English and the French. People who hear these rumours should stop them because there is not a particle of truth in them. Every hon. member has heard rumours which are spread irresponsibly. We are having a black-out in Montreal to-night, and I suggest that we should have a black-out of rumours and a black-out of unfounded criticism for the next three or four weeks. We would then see what effect it would have upon the war loan, upon recruiting and upon the feelings of the whole country. I remember during the last war in France toward the middle of July, 1918, an order was issued calling upon the troops of the Canadian corps to stop repeating rumours which had been spreading like wildfire. That order was effective and the spirit of the troops changed within a week or two. We then moved down to Amiens and started the battle which ended the war. I suggest that the same kind of thing should be done to-day by the Canadian people.

We should remember that we are the democrats who are going to show that democracy is the best system, not Shakespeare, not Milton, not Burke, not Washington and not Lincoln. We are the ones who have to show that we can fight through to victory. This building is a monument which reminds us of other hard days through which we fought to victory:

Read how free men throughout this land kept faith in the hour of trial and in the day of battle, remembering the traditions they had been taught, counting life nothing without liberty.

Mr. H. B. McKINNON (Kenora-Rainy River): Mr. Speaker, I had not intended taking part in this debate, but as I was one of the original members of the committee which was set up last year, and also of the subcommittee, I feel called upon to make a few observations. As the hon. member for St. Lawrence-St. George (Mr. Claxton) has said both last year and this year the members of the committee were highly pleased with the work of the committee. I thought that last year we had a perfect committee, but this year's committee was at least as good. Every member was seized of the importance and seriousness of the job he had to do. In this respect I must pay tribute to the Minister of Justice (Mr. Lapointe). He is doing a job which he does not like any more than any of us liked the work we had to do on this committee. But no other course can be followed. We must have laws and the final say as to the administration of the laws and regulations and the security of our country must be with the Minister of Justice. I cannot think of any way in which the government can be relieved of its responsibility in connection with the security of the country.

Mention has been made of the fact that there has not been one act of sabotage in Canada which could be traced to enemy agents. I attribute that to the defence of Canada regulations and a very efficient Royal Canadian Mounted Police. The mounted police have done a job which would be a credit to any police force. This year the regulations have been liberalized to quite a considerable extent and with few exceptions the recommendations made by the committee have been unanimous. The differences which did exist were not very great.

I wish to pay a tribute to the previous speakers who I think have stated the case clearly and in a worthwhile manner. As I see it, the difficulty has been in deciding how far the rights of the individual should be restricted in order to protect the security of the state. By amending the regulations we have demonstrated to the Canadian people that we appreciated their point of view in the exceptions they took to certain of the regulations. In the main we have modified the provisions which they felt were obnoxious.

Comment has been made throughout the country about the interning of labour leaders. I for one am quite willing to take the word of the Minister of Justice that these men were interned not because they were labour leaders but because they were communists. I am positive that no labour leader need have the slightest fear about carrying on his legitimate

duties; he need have no fear about any action which the Minister of Justice might take under the defence of Canada regulations.

The previous speakers have covered the ground thoroughly and I wish to pay tribute to them. If we should find from experience that these regulations should be further liberalized or tightened up, time and events will show and we shall have another opportunity next year to iron out any difficulties that we may have with them between now and then.

Mr. D. KING HAZEN (St. John-Albert): Mr. Speaker, I was one of the members of the special committee that was appointed to consider and review the defence of Canada regulations. I voted in favour of the recommendations that were made by that committee. Its report speaks for itself, and as practically all, but not quite all, the members who have taken part in this debate have expressed themselves in favour of these recommendations, there is very little I wish to say at the present time.

While some changes have been recommended in the report, they do not materially alter the regulations now in force. Having listened to the evidence that was taken by the committee, and compared the regulations with the recommendations that have been made, I am of the opinion that all the recommendations are of a minor nature and that there has been no deviation from the principles which have been followed in the past. The recommendations, if adopted, may improve, but perhaps only to a very slight extent, the regulations as they stand at present. There will not be, and perhaps there is no need for, any substantial improvement. The recommendations will neither alter the underlying principles on which the regulations are based, nor weaken their effectiveness.

The most important recommendation has to do with regulation 22. The recommendation provides that when an internee objects to being interned his objection will be heard by a committee of three. This committee is to be appointed by the Minister of Justice (Mr. Lapointe) and is to consist of a judge and two other persons. The committee at the present time consists of one person, a judge of a high court. The advisory committee—and you will note that in the regulations it is called an advisory committee—has very limited powers. It has the right to take evidence and to hear the objections made by the person who is interned, and after taking this evidence it advises or makes a recommendation to the minister. It has no greater power than that. The minister does not have to accept its recommendation. The minister may if he sees fit act on its recommendation, but if he does not see fit, the person may remain interned.

The important principle underlying this regulation is the principle, if I may express it crudely or roughly, of government responsibility. The government is responsible for the conduct of this war, and these regulations are a part, and not an unimportant part, of our war effort. Responsibility for the enforcement of these regulations must in my opinion rest with the government, just as much as carrying on the rest of our war effort is the government's responsibility. Under these regulations great power is placed in the hands of the Minister of Justice as a member of the government, and the final responsibility rests with the government.

It has been suggested that this power be taken out of the hands of the Minister of Justice and that a judicial tribunal be set up in place of the advisory committee. The judicial tribunal would consider objections raised by the internee, would hold a form of trial and take evidence, and its decision would be final—or rather some people have suggested that it should be final only if the decision of the judicial committee was unanimous, otherwise the final decision should rest with the Minister of Justice. But the responsibility for the administration of the regulations would be in this judicial committee, not in the government, and there would be no appeal from its decision.

In my opinion the responsibility for the enforcement and administration of these regulations must rest with the government. It is on that principle that this recommendation has been made to the house, a recommendation with which I concur.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, just a brief word. I happen to be one of those who vigorously opposed retaining in the criminal code section 98, and I would oppose it to-day, because it certainly denies the right of the individual to a fair trial. The defence of Canada regulations, amendments to which we are now considering, did not suit me any too well either, but I must say that I welcome the improvements which have been recommended by the special committee. I am well pleased with its work and its report, and, like the hon. member for Kenora-Rainy River (Mr. McKinnon), I say that if the amended regulations are found not to work out well in practice, the committee can go to work again next year and amend them again. The members of the committee are to be commended for the time they have given to their work and the intelligent service they have rendered. I heartily

welcome the report, because with the adoption of these recommendations it seems to me that the individual will have more of a right to an honest trial before he can be whisked away.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, it would I think be presumptuous if I were to make any extended remarks on this report at this late stage of the session. If one were disposed to think that we are endeavouring to close the session he would not get very much evidence of it from the extended debate which has taken place on this resolution, and perhaps I should not rise at all. On both occasions in the last session when this matter was under review I expressed the opinion that the paramount principle underlying this system of handling subversive elements in the community is the safety of the state. The second is that the government has the responsibility. The only question that has ever been in my mind has been the method employed and we may have had and I suppose still will have very divergent views with regard to what is the best method. I do not think there is much difference of opinion on the two questions of principle to which I have alluded.

I do not intend to go seriatim through the various recommendations of the committee. Some of them are of importance and some of them are not. There are just one or two observations which I would like to make, however, anterior to a short review of the recommendations; they arise out of the remarks made this morning by the hon. member for Rosetown-Biggar (Mr. Coldwell), in which he chastised all those who had anything to do with the conditions in pre-war Europe, even mentioning the name of Mr. Neville Chamberlain.

It is all very well, after the event, to condemn Mr. Chamberlain or to condemn Munich, but I venture to say that there are millions of people on this continent and in England who welcomed Munich and the declaration of Munich, based as it was on the fundamental principle that nations are expected to respect their word of honour. Mr. Chamberlain was not the first man—and I suggest that, as long as Hitler lives and carries on, he will not be the last one—to be deceived by the word of that dictator. I am astonished that the hon. member for Rosetown-Biggar should have found fault with the régime existent in England prior to the declaration of war, because I recall that it is not so many years ago that his leader visited soviet Russia and was received with open arms by the soviet government. Let that not be forgotten in Canada.

Mr. SPEAKER: Order. I do not think the leader of the opposition is in order in discussing this part of the speech of the hon. member for Rosetown-Biggar. The statements which that hon. member made with regard to causes prior to the last war and those which preceded the present war were hardly relevant to the matters now under discussion. I do hope that the leader of the opposition—

Mr. HANSON (York-Sunbury): I bow immediately, Mr. Speaker, to your ruling. I may say that I had concluded all the observations I desired to make in that connection, and I shall now proceed with the speech I had intended to make.

The main feature of the report is the clearer definition of the procedure to be followed by a detained person in presenting objections to his detention. I think that that is a constructive part of the report. In that respect it will not, I assume, meet with the approval of all those who have taken objection to what has been termed the rather peremptory procedure at present existing, but in my view, having analysed the recommendations as best I may, and, I may remark, cursorily, the report constitutes a considerable advance in that regard.

To my mind there are two main features of the report, in which the following principles are adopted.

In the first place, immediately a person is detained he is not whirled away into an internment camp. There are cases, of course, in which that might be justified. There are cases in which, I believe, it has been demonstrated that it is amply justified. I recall to mind what occurred in the dying days of the sitting of this house in August last, and I have yet to hear anybody condemn what took place here and what took place out of this house. To-day it is proposed that any detained person shall be kept in a local gaol under similar conditions to a person awaiting trial, until his objection has been disposed of or until he indicates that he proposes to make no objection. That, I think, is an advance; it is fair and just, and I approve it.

The second principle incorporated in the recommendations is that as soon as possible a person detained is to be informed of the general grounds on which he is detained, and notice of his detention is to be given to his family, where possible and not contrary to the public interest. It is difficult to conceive of a condition where it would not be in the public interest to inform a man's family of the fact of his detention. I do not go any farther than that, but the fact that a man has been detained should, as a matter of course, be communicated to his family.

Otherwise a person so detained would be held incommunicado; and I suggest that there would be ground for serious objection thereto. As to the reasons for his detention, that is another matter.

The report goes on to indicate that an objection to detention may be filed within thirty days. That is to say, a person detained has a right to demand a hearing, and the matter is then referred to an advisory committee.

Fourth, the Minister of Justice is empowered to appoint one or more advisory committees, to consist of three persons, the chairman of which must hold or have held judicial office. The only departure there is that, instead of being referred to one person who holds or has held high judicial position, it is to be referred to a committee of three, one of whom is occupying or has occupied a judicial position. I am wondering why the word "high" has been eliminated from the recommendation. This is an important matter. The liberty of the subject is involved, and under the laws of Canada, only high court judges deal with questions arising out of th application for writ of habeas corpus. We have in the jurisdiction of New Brunswick, with which I am familiar, another procedure, not based on the issue of the writ itself, but on what is termed an order of the nature of a habeas corpus the jurisdiction under which may be exercised by a county court judge. But under this recommendation it would be possible for a police or stipendiary magistrate to be appointed the chairman of the advisory committee. I suggest to the Minister of Justice (Mr. Lapointe) that that is not good enough. Where the liberty of the subject is involved, the chairman of the committee should be a person holding or who has held a high judicial position. There is no reason why that should not be. It has been the practice in the past, and I recommend to the right hon. gentleman that he follow that practice in the future.

The fifth recommendation is, as I understand it, that the chairman shall be required to inform the objector within a reasonable time before hearing of the grounds on which he is held and to furnish him with particulars of the reason for his detention as, in the opinion of the chairman, circumstances permit. That is to say, the chairman is required to inform the accused—if I may use that term—of the nature of the charge against him. This is common British justice, and should be done, and as fully as possible, so that there may be sufficient opportunity of defence. It is I think impossible to have what we understand in criminal law as full right of defence in cases of this kind, but there should be as much right of defence and of answer as the circumstances permit.

Then it is provided that at the hearing "such particulars shall be further supplemented by giving the objector, all such further particulars as the committee shall deem necessary and advisable." Of course that leaves the discretion in the committee. Why it is restricted to what the committee deem advisable has not so far developed, unless it be from the remarks delivered in the course of his address this afternoon by the hon. member for St. Lawrence-St. George (Mr. Claxton) that there may be occasions when it is not in the public interest that this should be done. Conceivably that is true. No one has suggested a concrete illustration, but I am willing in the interests of the paramount principle to have it restricted that far. But I point out that this is not full right of defence.

Then the next move forward, if I may so term it, is that the objector may be represented by counsel. I do not recall what has been the practice in the past. I had thought there was the right to be represented by counsel. It seems to me, however, that if heretofore that right has not been given, this is an extension of a principle which all of us can support.

A new provision is made whereby a person objecting to a censorship order of the Secretary of State may lodge his protest with a committee appointed by the Minister of Justice, such committee to consist of a person who holds or has held high judicial office. Hon. gentlemen will observe that the principle of granting a hearing before a committee and the retention of the status of a high judicial officer is maintained here, whereas it is not maintained in the case of detained persons. I am at a loss to know why there is the distinction in this case, which is of much less importance than in the former case to which I alluded a little earlier. Here you are dealing with a censorship order made by the Secretary of State; there you are dealing with the liberty of the individual himself. It seems to me that if in one case you have a high judicial officer carrying out this function, there is that much more reason why you should have a high judicial officer presiding in the other case. I recommend that to the Minister of Justice. Why two separate types of committee should be contemplated I am not aware, but I do suggest that in the second case, where there is objection to a censorship order from the Secretary of State, one person is quite sufficient, because in that case where he is sitting alone the person must be one who holds or has held high judicial office.

A committee of one person who holds or has held high judicial office reviews the censorship order. I have pointed out what appears to be an anomaly, and I conceive that my duty in that regard has been accomplished.

Then it is to be noted that under regulation 21 (3) the Minister of Justice is required at the beginning of each session of parliament and each four weeks thereafter during the session to make a report to parliament showing, among other things, the number of cases in which he has refused to follow the advice of an advisory committee. I suggest that in so doing the minister is exercising a judicial function, notwithstanding the statement to the contrary by the hon. member for St. Lawrence-St. George, and that this is not a mere ministerial duty that the minister is performing. If it is exercised on this basis there can of course be no objection to the minister reviewing the proceedings, and in so doing he must exercise a judicial function. If it is merely an administrative matter, of course he does not look beyond the evidence that has been submitted to the advisory committee. Presumably he may have other evidence, but in considering that other evidence he is exercising a judicial function. Of course this may be a mere academic discussion and not worth while at the moment, but I submit there is a clear distinction and the distinction should be recognized.

If the Minister of Justice under regulation 21 (3) is required to make a report to parliament, why should not the Secretary of State in the case of a censorship order be required to make a similar report with respect to the number of instances in which he has refused to follow the advice of the proposed new committee which is to hear objections against censorship orders? I suggest that to my hon. friend the Secretary of State. And also that there should be incorporated in the new regulations setting up this new committee on censorship the provision that there should be a report to parliament in those cases just as in the cases of detained persons by the Minister of Justice. It seems to me that if parliament is to know the number in the one case it should know the number in the other. And in the case of the censorship order parliament should know what the causes are and why orders have been made. There is no reason in the world similar to that which I really believe applies to the other case of which the minister spoke on one former occasion, that is the high interest of the state. I commend that suggestion to the Secretary of State.

Then there is a third recommendation, which has not been alluded to to-day and which may not be of paramount importance, namely that consideration be given to segregating in separate places of detention the different classes of persons detained under regulation 21. Presumably enemy aliens, communists, national unity party members and so forth are referred to. What are the implications of this recommendation? I really do not understand the effect of it. There should be some elucidation.

Another matter the committee recommends is that the Minister of Justice give consideration to the advisability of making a regulation under which the sale of ammunition for pistols and revolvers shall be prohibited until the purchaser has produced his registration certificate for the pistol or revolver. This is an excellent recommendation. It would assist the police in checking up on the registration of fireams. Doubtless there are many firearms in this country of which the police know nothing.

Then the committee recommends that for the duration of the war a special committee of the house should be appointed at each session to consider and review the defence of Canada regulations. I hope the government will adopt this suggestion.

The committee has performed from the beginning a useful function. The work of the committee has been carried on, I believe, with thoroughness. An exchange of views by intelligent men around a committee table free from publicity, where men can speak their thoughts, will I believe in the end evolve the very best possible system.

It is a matter of regret to me that the committee found that it could not deal at this session with the question of the laws relating to naturalization and deportation. There are many aspects of the law relating to naturalization and deportation which require careful study and scrutiny, and I hope that next session such an opportunity will be provided. If it is considered that the work of the committee on the regulations themselves is too great and too heavy, then it would be worth while giving consideration to the setting up of a separate special committee. One of the things this committee could do, one of the matters to which the minister referred in moving concurrence in this report, and something which, in my judgment, could be done with great advantage, would be to study whether the provisions of the Immigration Act as it now exists are adequate to deal with what probably will be a very large number of applications for entry into Canada when the war concludes. It is all very well to visualize this country as an asylum for the oppressed. We are willing to aid and succour those who are oppressed, but we have made mistakes in our immigration policy in the past; the government and everyone else knows

that. I think we must continue to have regulated entry into this country after the war; otherwise we might find ourselves in a plight which to-day we would not appreciate.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, like the leader of the opposition (Mr. Hanson), I do not wish to delay the adoption of this report, but I think I owe it to the house and more particularly to the members who served on this committee to say at least a few words in appreciation of their work. I desire to express not only my congratulations but also my thanks, and the thanks of the house, to the members of this special committee for the work they have done and for the study and attention they have given to that work. I do not think I should speak on the various recommendations which have been made, and which have been discussed during the course of this debate, except to say that I will see to it that these recommendations are immediately incorporated in the defence of Canada regulations and that those matters which are recommended to the consideration of the government are given that consideration.

What I wish to say is rather on the general aspect of the question, which is a very difficult one. As I have stated already in connection with this matter, there are two schools of thought as to what should be done, which schools differ materially. At the beginning of hostilities those who wanted to intern the largest possible number of persons who might be suspected were rather in the majority; the demand was for the internment of many people, and the blame or criticism was that too many were left at liberty. A little later there was a reversal in the trend of public opinion, and the criticism was that there were too many people interned, that civil liberty was endangered. To-day the two schools are still working, and I am continually receiving complaints of the most contradictory nature. For instance, members of the civil liberty league write me that we are much too strict in keeping people interned who might be released. At the same time I am in receipt of resolutions adopted by various branches of the Canadian Legion stating that too many interned people have been released, that sufficient care is not being exercised, and that this is a dangerous condition. I have also received letters and resolutions with regard to labour leaders who have been interned. Of course there are no labour leaders interned as such, but only those who secured admission to labour unions while more particularly concerned about the propagation of communist doctrines. At the same time I am in receipt of requests that some of the labour organizers, particularly those coming from the country to our south, should be treated as disturbing influences in our country, and that strict action should be taken with regard to them.

To show hon. members how different the views are, last week I received a letter from a gentleman protesting violently against certain speeches and writings of another gentleman, and blaming me and the government for not interning him as an enemy to the security of the state at this time. At the very moment I was reading this letter a report was submitted to me by the police suggesting that it might be advisable to intern the gentleman who had written me the letter, for being an agitator and an enemy of the state.

Mr. HANSON (York-Sunbury): It would be interesting to know who were these gentlemen.

Mr. LAPOINTE (Quebec East): Of course I cannot give the names, but perhaps the gentleman who wrote me the letter will be able to identify himself.

I desire to repeat what I have stated already in this house, particularly in answer to the criticism that some of the internees are not given a fair trial, as in criminal cases. These men are not interned as a punitive measure, as though they had committed some crime. If that were the situation, before they could be convicted and sentenced there would have to be complete evidence; there would have to be a fair trial, and they would have to be given the benefit of the doubt. This, however, is not a punitive action; it is a preventive action, for the safety of the state. It is the action of a nation at war, that has to protect itself against any possibility of people doing something which might harm or injure the war effort of the nation. That is why keeping the final discretion in the Minister of Justice is, I believe, the only thing that could be done, and that is where I differ from my good friend the hon. member for Saskatoon City (Mr. Bence) who made a fine speech to-day on this matter. I do not think it would be advisable to place upon a judge the responsibility of deciding whether or not a man who might be dangerous to the safety of the state during a war should be interned. It is more a matter of public safety and public policy. After all, as the hon. member for St. John-Albert (Mr. Hazen) has said, it is the government which is responsible for the safety of the state. This is a serious and disagreeable responsibility, but it cannot be avoided.

On certain occasions I have worried a good deal about what should be done. If the judge, after having heard witnesses, consisting of the

family of the interned man, and some others, comes to the conclusion that the man is not a serious danger and should be released, and if the men responsible for order, the officers of the Royal Canadian Mounted Police, and especially those whom I trust and in whose judgment I have confidence, tell me on their responsibility that they do not wish to be held responsible for what that man could do if he were left at liberty; then, if I order the release of such a man, and a month or two after such release a serious act of sabotage is committed, resulting in loss of life, and if such activities can be traced to the man in question, who would be responsible? I would be. The government would be. The judge, for whose judgment I would have the greatest respect, would not be the one who would be blamed. No; the Minister of Justice would be blamed. The government would be blamed. And it is not only a question of blame, but the feeling that in some degree my country might suffer because that man is free.

That is why in some instances I could not bring my mind to an acceptance of recommendations for release. However disagreeable it may be, I believe I am more completely fulfilling my duty to Canada when I keep such a man inside.

I believe the recommendation for a committee of three instead of a committee of one is a good one. The leader of the opposition has said that he cannot see why the word "high" has been eliminated, when referring to persons having high judicial functions. I have a case in mind. This has to do with a gentleman who has been a county court judge in a great province. I believe, in fact, that he has headed the judges in his district, and he has now retired. That judge was an authority on criminal matters. He is in good health, and could do good work. In my opinion he should not be eliminated simply because a county court or district court judge is not considered as one holding a high judicial position. As a matter of fact, the man I have in mind is a good deal more qualified than most of the judges of the higher courts.

There again, however, the responsibility will be ours not to appoint anybody who would not be qualified to occupy the position. It has been stated quite frequently that public opinion in Canada is strongly opposed to the defence of Canada regulations. We have had a demonstration quite recently which indicates that that is not so. A by-election was held in Edmonton East. A gentleman journeyed from Toronto to Edmonton to offer himself as a candidate opposed to the defence of Canada regulations. In his campaign he was helped by the hon. member for North Battleford (Mrs. Nielsen), who travelled to Edmonton to attack the regulations. The hon. member said even that the Minister of Justice (Mr. Lapointe) was worse than Hitler. She said that he was a worse dictator than Hitler, because he could do anything. Well, it appears that the electors of Edmonton East believed that I could be safely trusted to do better than Hitler, so far as the matter of dictatorship is concerned, and neither Mr. MacLeod nor the hon. member for North Battleford had great success in their attack upon the defence of Canada regulations.

I should not like to close without expressing an appreciation of those whose work I am in the best position to judge. I pay tribute to the Royal Canadian Mounted Police, the devotion of all its members and the satisfactory results of their work. At no time have I had to make complaint either as to their ability or as to the conscientious manner in which they have acted in the execution of their duties. When this war is over—and I hope it will be before too many years, and we shall have achieved victory—I believe the people of Canada will have reason to be grateful to the Royal Canadian Mounted Police for the way in which they have done their work in keeping order in Canada.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I shall take only a few minutes in what I have to say. When the hon. member for Rosetown-Biggar (Mr. Coldwell), who represented this group on the committee, spoke this morning, he made a clear statement of our position in the matter.

I should like to put the leader of the opposition (Mr. Hanson) right about a remark he made which is not in accordance with the facts. He referred to the leader of this group, the hon. member for Winnipeg North Centre (Mr. Woodsworth), as having made a trip to Russia. The hon. member made that trip on his own; he was not a guest of the soviet government, and to the best of my knowledge he was not received with open arms. Therefore the insinuation or implication contained in the remark of the leader of the opposition is not relevant at this time.

I listened with a great deal of interest to the hon. member for St. Lawrence-St. George (Mr. Claxton). I think he stated the case very well. We realize that the defence of Canada regulations are necessary at this time. Our complaint is in connection with the administration. We consider that the changes suggested by the committee which scrutinized these regulations will be beneficial. I have a good deal of confidence in the Minister of Justice (Mr. Lapointe). If he had complete jurisdiction, I am sure that he would see that justice was done. What I am concerned about, however, is the fact that a certain

amount of jurisdiction is delegated to the provinces. I am not so confident as to how that power will be used.

I represent a coal mining constituency, and I should like to refer briefly to an order in council which was passed on June 6, 1941. I think there is an ulterior motive in the passing of this order in council at this time. The Montreal *Gazette* of June 6 states:

> Civil authorities administering the defence of Canada regulations were given far-reaching powers to prevent slowing up or unauthorized stoppage of coal mine production by an order in council adopted to-day and announced by J. McG. Stewart, coal administrator.

Further on it states:

> They said the order is aimed at agitators, small groups who might create a partial stoppage of production based on trivial causes, and all illegal interference with production.

Personally I do not like the phrasing of that statement which apparently was issued by authority of the coal administrator. I find it hard to understand why an order in council like that should be passed on a day when this house was discussing matters pertaining to labour, a bill to change the conciliation machinery and make it more workable.

Mr. HANSON (York-Sunbury): At least it should have been announced here.

Mr. GILLIS: I agree that coal should be produced, but I am wondering whether this order in council will be enforced equitably. It is stated that the object of the order in council is to prevent the slowing down of operations or illegal strikes. I think that order in council was inspired from Nova Scotia. During the past month there have been some troubles in that section of the country. My only knowledge is the press, and consequently I cannot state specifically what the causes were, but I do know that 99 per cent of the trouble in that section of the country is due to the fact that the local management has practically no authority to settle grievances. The industry in Nova Scotia suffers from absentee management. Grievances pile up, and agreements or customs which have been established over a period of years are abrogated overnight. This causes discontent, and there is built up in the minds of the men a feeling that the legitimate agencies they have established are not workable. They get the run-around in all directions. The result is a stoppage of work or a slowing down of production. The morale of the men is broken; they have no incentive to produce 100 per cent.

I should like to know if an investigation will be held to see who is responsible for any illegal stoppage or sit-down strike before this order in council is applied. I know the industry in Nova Scotia and I know the management. There is no more unjust organization existing in Canada to-day; there is no organization that is manipulated in more slime or in as insidious a way as this corporation. I am afraid that many men will be placed in a position where they cannot defend themselves. I wish to make this statement so that the Minister of Justice will hear it. I am not content to leave any situation that might arise in the province in the hands of the provincial attorney general. The provincial political organization and the coal companies have mutual interests; they work together, and I do not say that for political reasons. Before any action is taken to place anyone in an internment camp, the reasons why such action is taken should be given. As the hon. member for St. Lawrence-St. George has said, democracy is not an abstract principle; it is a living thing that is reflected in the lives of the people. If we are not practising it, there is not much use in our talking about it.

I should like to ask the Minister of Labour (Mr. McLarty) and the Minister of Justice if this order in council will be applied to the mining companies of British Columbia. In that province men are working only two or three days a week. Will it be applied to Alberta where mines are closed down and miners must seek relief? That is sabotage of the industry. If there is to be a shortage of coal; if there is to be a famine sufficiently serious to warrant the government in taking action under this order in council, then I think it should be applied to those industries which are not functioning. A mine closed down in River Hebert, Nova Scotia, throwing 150 men out of work. The Minister of Public Works (Mr. Cardin) stated that there would be sufficient orders from the Canadian National Railways, the principal customer of this mine, to warrant the continuation of operations. Other mines are idle. A similar situation exists in Inverness county. If this order in council is to mean anything, it should work both ways. If it is not to be applied to those sections where mines are idle because it is not sufficiently profitable to carry on operations, it should not be applied to those sections where it is profitable to operate. Before it is applied, there should be an examination of the reasons why a stoppage has occurred, and the cause should be determined. I am prepared to state here that in 99 per cent of the cases, if an impartial examination were made, the cause would be found to be not the men but the fact that they are placed in their present position through unjust manipulation by people who are not concerned about the war or production other than what it means to them in dollars and cents.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC INFORMATION—"O CANADA" PAMPHLET

Mr. CHURCH:

1. Who wrote, and on whose orders, a pamphlet printed in French, entitled "O Canada", published by the director of public information, in which it is described as Canada's national anthem?

2. Was a similar pamphlet printed in English?

3. Who is the director of this bureau responsible for all pamphlets issued?

4. Are all publications of this bureau published in both official languages? If not, by whose orders?

5. How many publications of this bureau are published in, (a) English; (b) French; (c) in only one language?

Mr. GARDINER:

1. Pamphlet was written by "Ringuet" (Dr. Philippe Panneton); Louis Francoeur; Jean Chauvin; Mgr. Olivier Maurault; Gustave Lanctot; Robert La Roque De Roquebrune; Victor Dore; L'Hon. Hector Perrier.

Written on request of director of public information.

2. No.

3. George Herbert Lash.

4. (a) No; (b) director of public information.

5. (a) 60; (b) 35; (c) 41.

RICHIBUCTO, N.B., CUSTOMS OFFICE

Mr. HAZEN:

1. Has the office of customs and excise in Richibucto, Kent county, New Brunswick, been closed?

2. If so, for what reason?

3. Is it the intention to reopen this office, and when?

4. If this office is still in operation, what are the names of the officers and their respective salaries?

5. By whom were such officers recommended?

Mr. GIBSON:

1. Yes. December 1, 1940.

2. In the interests of economy, as revenue collected was very small and as the customs and excise business, with the exception of entering and clearing foreign-going vessels, could be transacted without undue inconvenience at other centres.

3. No.

4. and 5. When the office was closed the usual practice was followed and Mr. J. T. Vautour, the postmaster, was employed to enter and clear foreign-going vessels, with remuneration at the rate of fifty cents for each entry or clearance.

ROYAL CANADIAN MOUNTED POLICE—JAMES MOON

Mr. BLACK (Cumberland):

1. Was James Moon employed as a constable in the Royal Canadian Mounted Police?

2. If so, how long was he employed?

3. Was he a single or a married man?

4. Was he dismissed from the force?

5. If so, for what reason?

Mr. LAPOINTE (Quebec East):

1. Yes.

2. From October 30, 1933, to January 22, 1941.

3. He was alleged to be single but it was discovered he had married without permission on July 24, 1936.

4. He was discharged on January 22, 1941, as being unsuitable having married without the consent of the commissioner.

5. Answered by No. 4.

QUESTION PASSED AS ORDER FOR RETURN

CIVIL SERVANTS IN CANADIAN FORCES

Mr. GREEN:

1. What are the working hours set for civil servants and temporary civilian clerks employed in the naval stations, army headquarters or air force stations in Canada?

2. What statutory holidays are observed by these clerical staffs?

3. What annual leave is given to temporary civilian clerks so employed?

4. On any of such staffs are there some temporary clerks paid at an hourly rate of fifty (50) cents per hour or thereabouts, and others at a rate of sixty dollars ($60) per month, or thereabouts, although both are doing the same work?

5. If so, why is there this difference in rating?

LABOUR CONDITIONS

STRIKE OF CANADIAN GENERAL ELECTRIC EMPLOYEES IN TORONTO PLANTS

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I want to read two short sentences from the Toronto *Telegram* of Saturday last, June 7, and then ask the Minister of Labour a question. I have advised the minister that I was going to ask this question and I am sure that he will be able to give me an answer which will be satisfactory.

The article in the Toronto *Telegram* is headed: "G.E. Strikers Hear Warning Acts Illegal. Delegates report McLarty declined assurance conciliation board action would be speeded up." The article goes on:

Canadian General Electric Company employees from Ward street and Lansdowne avenue plants, now on the fourth day of their "holiday", are

going to remain on strike despite Ottawa's warning they return to work or be liable to arrest.

About 650 strikers unanimously reaffirmed their decision by a standing vote at a mass meeting held in the Polish National Hall, Queen street and Dovercourt road to-day. There are about 850 on strike.

Before asking my question I may say that over the week-end I met by chance a number of the strikers on the street, and in conversation with them it occurred to me that there should be some way of settling the strike promptly. They really want to get back to work. I did not enter into the causes of the dispute, because I am sure the labour department has that matter in hand. I would like to ask the minister what is the procedure of the department on being informed that a strike is in the offing—because the department must know beforehand that a strike is perhaps likely to take place. What action in such circumstances does the department usually take to prevent a strike?

Hon. N. A. McLARTY (Minister of Labour): Mr. Speaker, in every case in which the department is advised that a labour dispute has arisen or is likely to arise, a conciliation officer of the department is sent to carry on negotiations. The men are advised, if a strike is apprehended, that a strike would be illegal, and that if there are grievances which should be righted they should make application under the Industrial Disputes Investigation Act. In this particular instance, however, a strike was called very suddenly without any knowledge of the Department of Labour that there was any difficulty whatever. The men and women simply walked out. Immediately this happened a conciliation officer was sent to the plant. He endeavoured to conciliate and suggested that the men and women should return to work. This they refused to do, and have refused ever since, and so far as my information goes they are still out.

On Friday evening I met a delegation of the workers of the Canadian General Electric plants in Toronto, who are now engaged in an illegal strike. I advised them that they should return to work and that when they had put themselves within the law they would have the same rights as any other employees in war industries in Canada to apply for a board of conciliation under the Industrial Disputes Investigation Act. They advised that they were holding a meeting on Saturday morning, and on Saturday afternoon I was advised that they had decided at the meeting not to return to work. I immediately wired them stating that unless they returned to work by Monday at noon, I would turn the matter over to the Department of Justice.

I have been advised that they have not returned to work and have consequently arranged to advise the law officers of the crown as to the circumstances in connection with the matter and asked them to take such action as they deem most appropriate under such circumstances for the enforcement of the law.

Mr. MacINNIS: Are these employees organized?

Mr. McLARTY: I cannot answer that question definitely, because some of them claim they are and some claim they are not.

STRIKE OF HOSIERY WORKERS IN SCHOFIELD PLANT AT OSHAWA

On the orders of the day:

Mr. KARL K. HOMUTH (Waterloo South): May I ask the Minister of Labour if he has yet received any report from the two boards investigating the Oshawa textile strike?

Hon. N. A. McLARTY (Minister of Labour): No, not as yet.

WHEAT

REPRESENTATIONS OF SASKATCHEWAN FLOUR MILLERS' ASSOCIATION AS TO GRISTED WHEAT

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I wish to read a telegram which I have already shown to the Minister of Trade and Commerce, and to base a question thereon further to the question I directed to him on Friday last. The telegram in part reads as follows:

Prince Albert, Saskatchewan.
June 6.

John G. Diefenbaker, K.C.,
House of Commons,
Ottawa.

Objection is against ruling of quota delivery point. For instance, a farmer declares his quota delivery point, say White Star or Davis or Crutwell dependent where farm located.

These places are all within a radius of fifteen miles of Prince Albert:

Once delivery point declared farmer can deliver to no other. Thus he is automatically barred from delivering wheat to grist at any mill unless fortunate to have a mill in his delivery point. This is the joker in the new regulation and Minister of Trade and Commerce well knows this. The big mills have made sure of that. Flour is being rapidly advanced in price by big mills. On basis of wheat board wheat price August 1, 1941, crop four and a half bushels of wheat for gristing one bag flour is equal to $2.34. Big mills flour is now

retailing $2.90 to $3.20 per sack. ——Suggest you demand that any farmers quota delivery permit book be acceptable at any and all mills for purpose of gristing. Farmer could have 5,000 bushels wheat on farm and no money and prohibited from securing flour for wheat and even if he has a little money must pay from sixty cents to one dollar more for flour than he should to say nothing of using cash much needed for other urgent necessities. No question the regulations are aimed to destroy local mills and create big mill monopoly.

In view of what is stated in the telegram based on the regulations which were announced on Friday, will the minister advise whether the regulations of the wheat board will be altered in order to allow the farmers to grist their wheat into flour at any flour mill even though located elsewhere than at the delivery point named in the permit, in order that the farmer whose delivery point has no local flour mill may be assured of the right to secure flour at a lower price than fifty to sixty cents per hundred, which otherwise would be the case?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, the hon. member was good enough to show me the telegram upon which he based his question. I do not think it sufficiently important to refer to that part of the telegram which rather suggests that the regulations are out to hurt the small miller and help the big miller. Those observations are just so much nonsense.

Mr. DIEFENBAKER: That is what the secretary of the flour millers' association says.

Mr. MacKINNON (Edmonton West): I am glad, however, to advise the hon. member that the wheat board are dealing with this question and are hopeful of introducing regulations which will permit the handling of wheat for gristing in the method suggested.

NICKEL AND COPPER

QUESTION AS TO SHIPMENTS TO JAPAN

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): Over the week-end in Toronto many people in my riding were greatly exercised over the alleged wheat shipment to Japan. In the course of conversation they asked also whether nickel and copper are being shipped to Japan. Would the Minister of Trade and Commerce please advise?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am very sure that I am correct in saying that no shipments, outside of the wheat referred to in this house in the discussion in the last day or two, are being made to Japan.

LABOUR DEPARTMENT ACT

AMENDMENT TO PROVIDE FOR THE APPOINTMENT OF AN ASSOCIATE DEPUTY MINISTER

Hon. N. A. McLARTY (Minister of Labour) moved the second reading of Bill No. 100, to amend the Labour Department Act.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Fournier (Hull) in the chair.

DEPARTMENT OF TRADE AND COMMERCE

Canada Grain Act.

349. Administration, $104,648.50.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Chairman, I should like to deal at this time with a number of points raised by the hon. member for Qu'Appelle (Mr. Perley) in his speech on this item on Friday last.

In the first place, the hon. member has complained that he cannot get a detailed account of the board's operations from the annual report issued by the Canadian wheat board on January 11, 1941. I am astonished at this, because the report contains a complete and detailed statement of the board's operations up to July 31, 1940.

For example, the hon. member has asked what the liability is in connection with the 42 million bushels of wheat carried in country elevators or in transit on July 31, 1940, for the account of the board. He has already answered his own question by quoting from the annual report, exhibit A, that the liability amounted to $28,927,925. I might add that this amount has been reduced to a very small figure, as most of the 1939 wheat has been forwarded to terminal positions.

With regard to the hon. member's request for evidence that the British authorities requested that the grain exchange should remain open, I placed on *Hansard* in 1940, at page 2360, this evidence with regard to the previous sale, or to the sale of 100 million bushels of wheat last year. I should like to quote now from a cable received on May 9, 1941, from the cereals import branch of the United Kingdom ministry of food, with regard to the 120 million bushels sale.

Mr. HANSON (York-Sunbury): To whom? To the minister?

Mr. MacKINNON (Edmonton West): To the wheat board. A copy of the telegram was sent to me through the Department of External Affairs.

Mr. PERLEY: Who is the representative of the cereals import branch on the Winnipeg market?

Mr. MacKINNON (Edmonton West): There is no representative. I have repeatedly answered a similar question by the hon. member for Qu'Appelle. The cereals import committee have no representative in Canada. I quote from the telegram.

Cereals of course must be assured that the market remains open.

"Cereals" means the cereals import branch of the United Kingdom ministry of food.

Mr. COLDWELL: If they are not purchasing on the Winnipeg exchange why should they require the exchange to remain open? Is it because they think that that sets the price?

Mr. MacKINNON (Edmonton West): The cereals import committee purchase their cash wheat on the exchange through well-known Winnipeg firms of brokers.

Mr. PERLEY: Does the minister mean to say that they have not someone there operating for them?

Mr. MacKINNON (Edmonton West): I can only repeat the answer I have given before. They have not.

Mr. HANSON (York-Sunbury): On the theory that all the wheat goes to the wheat board, as contemplated by the act, why does the cereals import committee not buy direct from the wheat board, because that is the underlying principle of the Wheat Board Act, that they shall handle all the cash wheat? I know the act provides that the machinery shall be kept open. That was a consideration given to opposition members in the house of that day for concurring in that principle of the bill. But that was not in war time; that was in peace time, and to-day the same condition does not exist. So far as I am concerned, I wish to know what the true legal position is. The minister stated what the operating position is.

Mr. MacKINNON (Edmonton West): I suggest that the hon. member allow me to continue. He is anticipating something that I intend to place on the record. I shall be glad to answer any questions when I have finished this.

[Mr. R. B. Hanson.]

Mr. PERLEY: The minister is replying to a statement which I made, and I think one question would be proper here. He has stated that the British cereals import committee buy through, or give an order to buy cash grain to a member of the exchange. How does the board know, when it is on the open market, that whoever got that order is placing it for the British cereals import committee?

Mr. MacKINNON (Edmonton West): I am informed that they do not know.

Mr. PERLEY: Then the board when selling the wheat do not know where it is going?

Mr. MacKINNON (Edmonton West): We are getting into rather technical matters concerning the handling of wheat sales. I am informed that the cereals import committee purchases futures from the wheat board—

Mr. PERLEY: That is the opposite to what the minister said a minute ago.

Mr. MacKINNON (Edmonton West): —and buy the cash grain from the exporters.

Mr. PERLEY: Then the board exchanges the option, and they have not sold any wheat. That is the effect of it.

Mr. MacKINNON (Edmonton West): I am informed that that is not so.

Mr. PERLEY: That is the way it operates.

Mr. MacKINNON (Edmonton West): The wheat goes out of the country on the basis of the sale.

Mr. PERLEY: Then the board takes an option, gets the cash wheat, takes an option and sells the wheat. They have not sold any wheat.

Mr. MacKINNON (Edmonton West): The hon. member also referred to the price paid by the British Ministry of Food to the Canadian wheat board for the recent purchase of 120,000,000 bushels of wheat futures. He claimed that Liverpool is advertising the price and that it is also disclosed in certain publications of the dominion bureau of statistics. His claim is incorrect. The so-called "Liverpool wheat offers" published daily by Broomhall and reprinted in the "Monthly Review of the Wheat Situation" are all based upon seaboard offers of exporters, which are in turn based upon the open market futures price at Winnipeg plus freight, handling and other charges from the lake head to the seaboard position. Since these prices are based upon the open market price and not upon the

price at which the futures were sold by the Canadian wheat board to the British Ministry of Food, they cannot and do not indicate the price of the wheat board sale.

Regarding the customs export quantities and values of wheat, which are published monthly by the dominion bureau of statistics and which the hon. member for Qu'Appelle also claims to be indicative of the wheat board's sale price to the United Kingdom, I would state that these figures are simply the declared values shown on the export entries required for wheat shipments from the exporter or shipper, and the declared values are f.o.b. port of exit from Canada. These ports include Fort William-Port Arthur for shipments in transit to overseas destinations via the United States and Montreal and other St. Lawrence ports, as well as the Canadian maritime ports. Consequently the combined average valuation of wheat shipments from all these ports of exit from Canada cannot be related back to the open market prices, upon which the wheat export sales were based in the first instance. Neither can they be related to the wheat board's sale price to the British Ministry of Food, which in turn varies from the open market level. Therefore the hon. member's claim that the sale price is indicated in published sources is quite incorrect.

Mr. PERLEY: I was quoting from the minister's own bulletin. It gave the number of bushels and the price in Canadian dollars, and it figures to 85 cents; the minister's own department stated that.

Mr. ROSS (Moose Jaw): But the hon. member did not understand what it meant; that is all.

Mr. MacKINNON (Edmonton West): The hon. member for Qu'Appelle also referred to the budget resolutions under the heading "indirect liabilities", and asked certain questions with regard to the relations between the board and the Winnipeg Grain and Produce Exchange Clearing Association Limited. I table herewith the guarantee given to the clearing association by the Canadian wheat board, as follows:

His Excellency the Governor General in Council, on the recommendation of the Prime Minister and in the exercise of the powers conferred by the Canadian Wheat Board Act, 1935, is pleased to authorize and doth hereby authorize the Minister of Finance on behalf of the government of the Dominion of Canada to guarantee due payment of all such sum or sums as may be or become payable to the Winnipeg Grain and Produce Exchange Clearing Association, Limited, by the said Canadian wheat board in respect of its obligations as a member of such association.

His Excellency in Council on the same recommendation is further pleased to order and doth hereby order and direct that the said guarantee shall be in the following form, or one to like effect;

"In consideration of the Winnipeg Grain and Produce Exchange Clearing Association, Limited (hereinafter called 'the association'), permitting transactions and trades in grain made by the Canadian wheat board (hereinafter called 'the member') to be cleared through the association pursuant to the association's by-laws, rules and regulations, and in consideration of the association carrying an account with the member in connection with such transactions and trades, I, the undersigned, do hereby guarantee to the association the due payment of all sums of money which are now or shall at any time hereafter be owing to the association by the said member, whether the same shall be owing upon any open line of trades carried by the association for the said member, or for any liability contracted by the association on account of the said member, or upon any cheques, bills or notes given by the said member to the association.

Dated at Ottawa, this 30th day of December, 1935."

The usual practice of the clearing association in dealing with the grain companies is to stipulate that they may carry a certain maximum quantity of futures, based upon their financial standing, without requiring the deposit of any original margins. If this quantity is exceeded, original margin must be deposited for the entire quantity of futures held by the company concerned. In the case of the Canadian wheat board, operating under the guarantee of the government, the clearing association waived all requirements with regard to original margins. The wheat board has no margins with the clearing association, so that when the hon. member inquires whether the guaranteed liability of the wheat board in the clearing association has an influence on the government's decision to keep the grain exchange open, he is completely misunderstanding the situation, since there are no margin deposits.

Mr. PERLEY: Then may I ask why—

Mr. MacKINNON (Edmonton West): May I just finish this portion. Such a guarantee could have no influence on the matter or on the government's decision with regard to the Winnipeg grain exchange.

The daily "margin deposits" referred to in the budget resolutions merely bring the valuation of the wheat board's holdings into line with the day-to-day changes in the market prices and accordingly vary from day to day. Sometimes the clearing association issues a cheque to the board, and at other times a payment to the clearing association by the board is necessary. Therefore my answer to

the hon. member is that since the board did not put up margins with the clearing association, and also since the clearing association is independent of the Winnipeg grain exchange, the margin requirements cannot influence the government's decision as to whether the Winnipeg grain exchange should operate or not. There is no basis whatever for the hon. member's claim that the government could be influenced by this to keep the market open.

Mr. PERLEY: If the board guarantees an account for the brokers who are operating for the board in the clearing house and are not putting up any margin by the board itself, why is it necessary for the government to keep the exchange open because they could not trade in that way?

Mr. MacKINNON (Edmonton West): I am informed that the government guarantees the board's account. But the board does not guarantee any brokers' accounts.

Mr. PERLEY: Will the minister allow me to have a copy of the statement he is giving, and then he can make his statement without interruption. But without seeing the statement we cannot follow this.

Mr. MacKINNON (Edmonton West): Yes; I shall gladly send over a copy.

The hon. member for Qu'Appelle also inquires with regard to the financing of the Canadian wheat board. The government guarantees advances to the Canadian wheat board by a stated amount adjustable to the board's requirements for each season. The board then borrows from the banks against warehouse receipts. The interest rate of three per cent is arranged for between the board and the banks, after consultation with the Department of Finance.

The stocks of wheat held by the elevator companies for the account of the board in country elevators or in transit to terminal elevators are financed by the elevator companies. The board allows them an interest rate of 4½ per cent, which is the same rate that the elevator companies are required to pay the banks from whom they borrow the money. The interest rate is higher on country elevator stocks because of the cost involved in wide distribution of small sums in the country, and because of the greater risk involved where no warehouse receipts are available as collateral.

The hon. member for Qu'Appelle has asked for information as to what he describes as "guaranteed accounts of the brokers." There are no such accounts. The hon. member has been misinformed on this point also. The hon. gentleman is further misinformed when he says that the regulations bring coarse grains under the operation of the board. The provision to which he refers merely gives the board power to regulate the deliveries of coarse grains if such regulation should be necessary in 1941-42 in making the most effective use of available storage. The wheat board is not empowered to buy or handle coarse grains.

I have already mentioned that the Canadian wheat board publishes a complete and detailed annual report. The report for the crop year 1939-40 was issued last January, and the report for the crop year 1940-41 will be issued early in 1942. The board is also under continuous audit, and weekly reports of the auditors are forwarded to the government from Winnipeg as required under the act. In addition to these reports, the wheat sub-committee of the cabinet is in frequent consultation with the members of the Canadian wheat board. Hon. members will appreciate the necessity for such close cooperation in these times when the task of the board is, to say the least, not a light one, and new problems are arising from day to day.

I think, therefore, in view of these facts, that such statements as those of the hon. member for Qu'Appelle do not help the situation. If he could give one specific instance or make one definite charge as to why the operations of the wheat board will not bear the light of day, I would be glad to recommend that he be given a chance to substantiate his statements. From his remarks of last Friday it seems to me that he was just making general statements, without any precise knowledge of the grain business.

The hon. member for Qu'Appelle quoted a telegram dated July 18, 1940, signed by a number of the elevator companies, offering to place their elevator systems at the disposal of the government for the duration of the war, provided that the government guarantee a return of 6 per cent on their capital investment. The hon. member asks why this offer was not accepted. The offer did receive consideration by the government last July. The decision then reached was that it would be more economical for the government to continue to have the elevator companies operate their own facilities on the basis of handling contracts entered into with them.

The hon. member has referred to the difficulty which certain shippers and other grain handling interests might have in making delivery of wheat at Fort William-Port Arthur against their futures contracts, and left the

impression that there was something new and unusual about such a situation. It should be obvious to the hon. member that the futures trading system is patterned to prevent such a return of out-of-position wheat, rather than to cause it. A shipper should not be penalized simply because he has protected himself in the usual way by hedging his purchases of cash wheat by the sale of an equivalent amount of wheat futures, some of which may be held by the board. The hon. member knows that one purpose of such transactions in the futures market is to enable the shipper to put wheat east of Fort William into export position, and keep his position hedged by the sale of futures. If this practice were not followed, then the intention of the act and the purpose of the board would be defeated in that shippers and exporters would not move wheat into position for overseas sale.

The hon. member seems to find something reprehensible in the fact that the shippers, grain interests and millers cannot make delivery of their wheat at Fort William. If the wheat board should insist that delivery be made it would mean that they would be engineering a vast corner, which would be entirely contrary to the act and would defeat our whole purpose of encouraging shipments and full use of eastern storage facilities. In this connection another consideration arises, which the hon. member mentioned. The shippers and millers would not be able to move wheat into position for overseas shipment or for grinding in Canada unless they receive a fair carrying charge from the futures market to offset their storage and interest costs. In this way the financing of the grain is looked after while it is in transit and in process of manufacture. Nothing should be done to hinder the free movement of wheat in these times of surplus.

I should like to refer briefly to the hon. gentleman's allegation that shipments of wheat to north China were made by the Continental Grain company, the Leval company, and the Bunge company. I wish to state unequivocally that the shipments are being made by the Canada Grain Company, Limited, of Vancouver, of which Mr. Robert McKee is managing director. Mr. McKee is a former president of the Vancouver board of trade, a reputable citizen, an experienced grain exporter, a member of the advisory committee of the wheat board appointed by the Bennett government in the fall of 1935, and has been and, so far as I know, still is a stalwart supporter of the Conservative party. Yesterday I received a telegram from Vancouver which I had planned to read to the house, but I do not wish to labour this matter beyond the extent necessary. As a matter of fact, I believe the leader of the opposition has received a similar telegram from Mr. Ladner of Vancouver, commenting on the sale of wheat that has been under discussion.

Mr. COLDWELL: Who is Mr. Ladner?

Mr. MacKINNON (Edmonton West): Mr. Leon J. Ladner.

Mr. MACKENZIE (Vancouver Centre): A former member for Vancouver South.

Mr. MacKINNON (Edmonton West): He was formerly a member of this house, and, I believe, is associated with Mr. McKee in the Canada Grain company.

Mr. JOHNSTON (Bow River): Could the minister put that telegram on *Hansard*?

Mr. MacKINNON (Edmonton West): I will read the telegram.

Mr. HANSON (York-Sunbury): Which telegram is the minister reading; his own?

Mr. MacKINNON (Edmonton West): Is the hon. member suggesting that I sent a telegram?

Mr. HANSON (York-Sunbury): No; but is the minister reading the telegram to himself or the telegram to me?

Mr. MacKINNON (Edmonton West): It is the telegram to myself. I might add that I think considerable credit is due Mr. Ladner for endeavouring to set us right on the matter of this wheat shipment. The telegram reads:

> Phoned Hanson to-night about Perley's incorrect statement in house as reported here regarding shipment garnet wheat by Canada Grain Export Company to north China, and as requested by Hanson I wired him correct facts asking him to make appropriate statement in house in justice to your government, our company and directors. I gave him full statement and your government's adamant refusal to my request for export licence which at that time I thought very unfair unless welfare Canada or Britain was adversely affected, because sale was in Canada's interest. I think Hanson now understands situation.

In the same connection, just this afternoon I received a telegram signed by the Bunge North-American Grain Corporation, addressed to me as Minister of Trade and Commerce and dated New York, June 9, reading as follows:

> We have received from Winnipeg newspaper clippings of statements made by Mr. Perley, a member of your House of Commons. The statements made by this gentleman as referring to our organization are absolutely false. The last wheat we shipped to the orient went to Shanghai February 11, steamer *Illinois,* buyer Foh Sing

flour mills, and since then have consistently refused further business in either Canadian or United States grain. We ask you to please put these facts before the House of Commons.

Bunge North-American Grain Corporation.

I should like also to refer to a statement made by the hon. member for Rosetown-Biggar with respect to certain operators on the Winnipeg grain exchange.

Mr. COLDWELL: That was a question; not a statement.

Mr. MacKINNON (Edmonton West): Yes. I believe the hon. member refers in this connection to the brokers. The original Canadian Wheat Board Act, 1935, section 8 (i) passed by the Bennett administration, reads as follows:

In selling and disposing of wheat as by this act provided, to utilize and employ without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat, as the board in its discretion may determine.

This has not been amended in the revisions of 1939 or 1940. The wheat board, therefore, consider it is required to use the facilities of the trade including the brokers, and it does so. This practice has always been followed by the wheat board, of paying brokerage, the amount of which varies in accordance with the volume of business transacted by the board. During the stabilization operations of the previous government the same principle was followed of paying brokerage on cash grain sales and on the selling and spreading of wheat futures.

I think, therefore, that the hon. member has cast a rather unfavourable light on the situation in describing this practice as one of "assisting a number of grain operators on the grain exchange on a relief basis."

Mr. COLDWELL: That is the view the farmers have.

Mr. MacKINNON (Edmonton West): I may add I have been informed that in the United Kingdom where the grain markets have been closed for the duration of the war, the government has recognized the principle of compensating grain brokers for the loss of their occupations and business during the war. In this way they hope to maintain the machinery of the trade so that it may become operative again at the end of the war.

Then, dealing with recent shipments of grain to China, and claims of the hon. member for Qu'Appelle in this connection, I wish to register my objection to the hon. member's rather offensive references to the Jewish people and the Jewish firms—

[Mr. J. A. MacKinnon.]

Mr. HANSON (York-Sunbury): Is that necessary?

Mr. MacKINNON (Edmonton West): —especially at this very serious time.

I should like to refer to the comment by the hon. member for Qu'Appelle regarding the lack of opportunity to discuss the wheat situation generally earlier in the session. My recollection is that the wheat situation has been thoroughly discussed throughout this session, but it just happens that that discussion has taken place very largely on the estimates of my colleague the Minister of Agriculture. I wish to state frankly that it had been my intention to submit a new Canadian Wheat Board Act to take the place of the present one, because we thought it better to proceed in that way than to have voluminous amendments. We had proceeded to the point where the bill was almost ready for submission to the house when it was realized that the time required in the house to pass the bill would conflict definitely with the seeding operations under the government's wheat legislation for this year. Therefore it was decided for the time at least to proceed with the amendment to the Canadian Wheat Board Act by order in council. This was done.

Mr. DIEFENBAKER: Would the minister clarify some points with which he apparently forgot to deal, when he was referring to the hon. member for Qu'Appelle? Will he tell the committee the source of the wheat shipped to the orient? Did it come from the wheat board with the permission of the government? Under what circumstances did the Canada Grain Export company purchase this wheat? Then, this further question necessarily arises out of the statement allegedly made by Mr. Ladner to the effect that the sale was in Canada's interest. What is "Canada's interest" in the sale of this wheat? What is the meaning of that phrase? Was that Mr. Ladner's expression, or was it the expression of the minister?

Mr. MacKINNON (Edmonton West): Of course it was purely Mr. Ladner's expression. I did not intend to read the telegram, until I was asked to do so. However I did read it, word for word.

Mr. DIEFENBAKER: But that does not answer my question. Where did that wheat come from? Was it wheat transferred to this exporting company from the wheat board? When did the Minister of Trade and Commerce agree to the export of wheat, if at all? When did the Minister of Trade and Commerce first become aware of the fact that the

wheat was going to be exported? Finally, in what way would the export of this wheat be to Canada's interest?

Mr. MacKINNON (Edmonton West): I can only repeat: I made no statement that the sale was in Canada's interest. I merely quoted the telegram.

An hon. MEMBER: Was the sale in Canada's interest?

Mr. MacKINNON (Edmonton West): I am not answering a question of that kind at the present time. I do not consider it relevant. Certainly I do not propose to enter into a discussion as to whether or not a statement made in Mr. Ladner's telegram is approved by me. I merely gave the committee the telegram submitted by Mr. Ladner. In connection with the wheat, my understanding is that the wheat in question was bought by brokers in the usual way.

Mr. DIEFENBAKER: What is that?

Mr. MacKINNON (Edmonton West): The hon. member asks what way that would be. It was bought in the usual way by the Canada Grain Export company from the wheat board.

Mr. HANSON (York-Sunbury): "The usual way"—when the wheat board sold that wheat, did they know it was going to be exported to Japan?

Mr. MacKINNON (Edmonton West): No.

Mr. HANSON (York-Sunbury): They did not know its destination?

Mr. MacKINNON (Edmonton West): No; I am infomed that they did not know its destination.

Mr. PERLEY: What brokers did the wheat board use? It was bought in the pit.

Mr. MacKINNON (Edmonton West): The wheat in question was bought at Vancouver by the Canada Grain Export company from the Vancouver office of the Canadian wheat board.

Mr. DIEFENBAKER: On what date?

Mr. MacKINNON (Edmonton West): I have not the date here.

Mr. DIEFENBAKER: I still have not received an answer to my questions as to whether the government granted an export licence to the Canadian exporting company, when that licence was granted and whether the circumstances were placed before the minister before it was granted.

Mr. MacKINNON (Edmonton West): The Canada Grain Export company pressed for permission through representatives to make the sale to which reference has been made.

Mr. PERLEY: When?

Mr. MacKINNON (Edmonton West): I cannot give the exact time.

Mr. HANSON (York-Sunbury): Was it not prior to the time the permit system was brought into force?

Mr. MacKINNON (Edmonton West): Yes; I was just coming to that. They asked for permission to make this sale, and we refused. This was before the permit system was brought into force. They wanted to make sure that they would be able to get wheat to conclude the sale; therefore they asked us, and we told them that we would do nothing to assist them. Afterwards the permit system was put into force, and since then a permit was issued for the sale of a certain quantity of wheat in order to fill out a firm transaction that had been completed between the Canadian exporting company and their agents.

Mr. HANSON (York-Sunbury): The minister said that before they made their commitments for the wheat they inquired of the government if they would be permitted to buy the wheat and export it, and the minister said that that was refused at first. There must have been something done afterwards because they bought the wheat from the wheat board before the permit system was put into effect.

Mr. MacKINNON (Edmonton West): No.

Mr. HANSON (York-Sunbury): The permit was refused, and then that attitude was relaxed by the government or by the department. That is the fact. I got that from Mr. Ladner over the telephone on Saturday night. Let us get the facts straight.

Mr. MacKINNON (Edmonton West): If I correctly understand the statement of the leader of the opposition, it does not conflict in any way with the statement that has been made.

Mr. HANSON (York-Sunbury): I think it does.

Mr. MacKINNON (Edmonton West): I do not see it that way.

Mr. HANSON (York-Sunbury): When you read it you will see it.

Mr. CASSELMAN: In other words, it looks shady from the beginning.

Mr. MacKINNON (Edmonton West): I am informed that the Canada Grain Export company bought the wheat from the board and applied for a permit to enable them to be sure—they first asked the government if it would permit the sale so that there would be no possible chance of their falling down in delivery.

Mr. HANSON (York-Sunbury): What was the answer to that?

Mr. MacKINNON (Edmonton West): A refusal.

Mr. HANSON (York-Sunbury): A refusal. Then what happened?

Mr. MacKINNON (Edmonton West): The permit system was introduced. I am not sure whether the hon. gentleman knows it or not, but it is not in the public interest to explain at this time just why permits were granted for this firm sale that had been arranged after the export permit system was introduced.

Mr. HANSON (York-Sunbury): The reason is apparent; the heat was put on by Tokyo. Make no mistake about it; that is where the pressure came from, and the government yielded.

Mr. MacKINNON (Edmonton West): That is certainly not my information.

Mr. HANSON (York-Sunbury): I think the minister will find that that is so.

Mr. DIEFENBAKER: Are we to understand that on a date which has not been given, this company asked for permission to enter into an arrangement whereby it could sell export wheat to Japan, and that the attitude taken then by the government was that it would not consent thereto; that this was prior to the time when an export licence was necessary; that later on the government changed its mind and consented to this company exporting wheat? If that is the position of affairs as outlined by the minister, it is different from the explanation given the other day by the Prime Minister. The Prime Minister is reported on page 3531 of *Hansard* as having said:

> I might particularize a little in reference to that statement.

He was referring to a statement given to the Canadian Press.

> Orders had been placed on the part of Japan for the wheat in question before any export permit requirements respecting wheat shipments had come into force in Canada. Shipments were actually stopped at the time because of export permit requirements coming at that moment into force, but on careful consideration of the whole matter it was felt that as the order had been placed before this requirement came into force, those particular shipments should be allowed to proceed. That course, I may add, is in accord with international usage.

Mr. GARDINER: That is exactly what is stated now.

Mr. DIEFENBAKER: The situation is altogether different according to the explanation given by the minister. His explanation is that the Canadian exporting company endeavoured to ascertain from the government, before export licences were required, whether it would be allowed to enter into an arrangement or contract with certain oriental interests for the sale of wheat. The minister has just pointed out that the reason why this company took this precaution was that it wanted to be assured before it purchased the wheat that the market it had been able to establish would not be lost on account of any action on the part of the government. Then the minister went on to say that after that request was turned down, further representations were made, and thereafter a permit was given.

Mr. HOMUTH: They were pressed for it.

Mr. DIEFENBAKER: That pressure was brought to bear, apparently not from Japan but from elsewhere, and in consequence of that pressure an export permit was granted. I should like the minister to explain the divergence in the statement made the other day by the Prime Minister and the explanation the minister now gives. I should like to know also the price per bushel paid to the wheat board by the exporting company and the price received by that company under the contract with the orient. That information must be in the possession of the government.

Mr. MacKINNON (Edmonton West): I am told it is not.

Mr. DIEFENBAKER: What manner of thing is this? The government did not make the sale; the government turned the sale over to a private corporation. From the telegram that passed between the minister and the gentleman named a while ago, I would infer that this company was not engaged in this transaction for philanthropic reasons. Surely before the permit was granted, the government would want to know what price was going to be paid by these Japanese interests for the wheat. Surely in view of the losses which have been suffered by the wheat board the government, if it was going to permit the transaction, would itself make the contract with Japan and make for the people of Canada any profit which was available. I am absolutely opposed to the transaction; but if there is any justification for it, why place it in the hands of a private corporation? What is the justification? What is the explanation?

The minister has said that the permit covered a certain number of bushels. How many bushels of wheat did the permit cover? Does the shipment made at this date complete the deliveries under that permit, or is any further shipment of wheat to be made to Japan or elsewhere in the orient? Finally, why is no

explanation given for this wheat being shipped in bags? Was there any justification for the statement made by the hon. member for Qu'Appelle, that the reason for the bags was to make transshipment possible after the arrival of that wheat in Asia? These are matters the people of Canada want to know in detail. They want to know the full transaction as it is and will not be satisfied with telegrams received from outside the house from interested parties. They want an explanation by the minister on whose authority the permit was granted.

Mr. MacKINNON (Edmonton West): The government would not know at what price cash wheat was being sold between a private company and the purchaser.

Mr. PERLEY: What price did the board receive?

Mr. MacKINNON (Edmonton West): I can get that information. I am ready and willing to give all information that is sought for in an honest attempt to get proper information regarding this transaction.

Mr. HANSON (York-Sunbury): Is the minister imputing motives to the hon. member for Qu'Appelle? If he is he had better take that back immediately.

Mr. MacKINNON (Edmonton West): I would personally much sooner subject myself to criticism from the opposition for failure to answer questions that they ask than give information which I may have on this question and which I believe, and others believe, it is not in the public interest to go into fully at this time.

Mr. MacINNIS: It seems too bad that this discussion should have developed into such a fiasco in this committee because, after all, it is a serious matter. I think, however, that the explanation of the transaction should have been left to the Secretary of State for External Affairs, where I think it belongs. There are certain reasons why this permit was granted, and I think the Minister of Trade and Commerce would have been well within his province to have said that he was leaving the matter to the Secretary of State for External Affairs. The Secretary of State for External Affairs should, in my opinion, take the leaders of the other parties in the house into his confidence with respect to this transaction and make an explanation which, whether they agreed with the shipment or not, would, I think, convince them that possibly there was nothing else in the circumstances to do.

Mr. MacKINNON (Edmonton West): I understand—perhaps I am incorrect—that hon. gentlemen opposite are pretty well informed with regard to all the circumstances surrounding this particular wheat shipment.

Mr. HANSON (York-Sunbury): That is not correct so far as the leader of the opposition is concerned. I knew nothing about it until on or about the 5th of June when I first heard about this transaction. The Prime Minister in no way communicated with me other than what he said in reply to the inquiry I made on the 5th of June for information. That was the first time I heard of this transaction.

The ACTING CHAIRMAN: Order. The hon. member for Vancouver East (Mr. MacInnis) has the floor.

Mr. HANSON (York-Sunbury): I am sorry; I thought he had finished.

Mr. MacINNIS: The Minister of Trade and Commerce in answer to a question whether there were other shipments going to Japan besides wheat, whether any metals, such as nickel or copper, were being shipped, stated that this shipment of wheat was the only commodity going to Japan. I would ask the minister whether any lumber is being shipped to Japan at the present time?

Mr. MacKINNON (Edmonton West): The export permits are concentrated in the Department of Trade and Commerce at the present time. I know of no permits having been issued for other commodities than wheat. I shall make inquiries just to confirm that, but I am sure I am correct.

Mr. HANSON (York-Sunbury): Just on the point as to what the Prime Minister said, if hon. members will look at page 3532 of *Hansard* they will find that I made inquiry, and the Prime Minister then made his statement. With that statement I was a bit puzzled because I could not understand how any private firm could make a commitment of this kind without obtaining the wheat from the wheat board. I went on to say:

> Mr. Hanson (York-Sunbury): I may be incorrectly informed, but my understanding of the situation is that no one can ship wheat without the consent of the wheat board or without obtaining the wheat from the board. This is a large transaction, involving half a million bushels. The wheat board must be in the picture somewhere.
>
> Mr. Mackenzie King: My information is that it is not.

I have no doubt that the Prime Minister made that statement in absolute good faith. I would not suggest anything else. But the information given to me was wrong. The

wheat board was in the picture. Canadian wheat is going to Japan, and I say that is wrong, no matter who ships it.

Mr. MacKINNON (Edmonton West): Just following that up, I wish to say that I gave the information to the Prime Minister that the Canadian wheat board had nothing to do with the sale of wheat to Japan.

Mr. HANSON (York-Sunbury): That is a question of interpretation.

Mr. ROSS (Moose Jaw): Certain hon. members do not seem to understand how a private corporation can get wheat to-day from the wheat board and have it in position to ship.

Mr. PERLEY: To Japan.

Mr. ROSS (Moose Jaw): That is a different matter altogether. As I understand the operations of the wheat board to-day, they are willing to sell cash wheat to any exporter. He moves that wheat into position on the seaboard where it can be sold by him to an importer of any other country in the world provided that the government of Canada permits that wheat to be shipped to that country. The wheat that Great Britain buys in Canada is handled in identically the same way. It is sold to exporters, and these exporters move it into position in order that the wheat will be in a position to ship when they get bids from the cereals import board. That is why they use the futures market in the handling of grain.

As regards this wheat which was sold, we all know, I think, that there were important circumstances by reason of which a permit for shipment was given. We should know, too, that our sister dominion of Australia has been continuously selling wheat to Japan, and also to northern China, where this wheat is going. The hon. member for Qu'Appelle stated that because it was shipped in bags it would be transported through China to some enemy country. That is not a proper supposition, because in northern China there are many small mills, and in order to distribute this wheat to those mills it was loaded in bags at Vancouver and shipped to China.

Mr. JOHNSTON (Bow River): And shipped in Japanese boats.

Mr. ROSS (Moose Jaw): Yes, it was shipped in Japanese boats. I am not questioning that part at all. Apparently a permit was given to ship wheat to northern China in Japanese boats, and the government must assume responsibility for that. But so far as the private corporation getting this wheat from the wheat board is concerned, the wheat board are willing at all times, as I understand it, to sell any amount of wheat to any Canadian exporters who will pay for it, and they move it on into position and make their own deal with the importers in other countries. The wheat board, of course, would know at what price the company bought from them, but they have no way of knowing what it was sold for.

Mr. PERLEY: They could have, though.

Mr. ROSS (Moose Jaw): I do not think so. It was sold, no doubt, in competition with Australian and Argentine wheat.

Mr. PERLEY: Surely the wheat board should know.

Mr. ROSS (Moose Jaw): Offers are made for wheat in this country by importers in the other countries. How would the wheat board know what the importers were offered?

Mr. PERLEY: It seems to me they should.

Mr. ROSS (Moose Jaw): That may seem so to the hon. member, but not to me.

Mr. PERLEY: Why, then, did the minister put out this stuff to show that Liverpool is offering wheat at this price at the seaboard, which is fifteen or twenty cents more than the farmer is getting?

Mr. ROSS (Moose Jaw): Those are offers by wheat exporters.

Mr. PERLEY: Pardon me; those are not offers made to Canadian exporters. It says. "Liverpool offers".

Mr. ROSS (Moose Jaw): Yes. Offers made to Liverpool of wheat.

Mr. PERLEY: By Liverpool, for wheat.

Mr. ROSS (Moose Jaw): No.

Mr. PERLEY: Yes, that is what it says.

Mr. ROSS (Moose Jaw): As a matter of fact, the Liverpool exchange is not operating. They are not offers from the Liverpool exchange. These offers come from Fort William, from Montreal, from Boston, from New York, and from other seaboard points, so far as that goes, and my hon. friend was trying to figure out the price of wheat sold by the Canadian wheat board by saying, "Here are the amounts of these offers." That is one way he was going to figure it out. Another way he was going to figure it out was, that the customs figures show so much wheat sold at a certain price.

Mr. PERLEY: The minister's statement said that.

Mr. ROSS (Moose Jaw): Yes; it showed so much wheat sold at a certain price and therefore that is the price which the wheat board got from the cereals import branch for wheat. I may tell my hon. friend that he has not the faintest chance of finding out from any of those figures.

Mr. PERLEY: How does the hon. member know?

Mr. ROSS (Moose Jaw): I do not set myself up as an expert, like my hon. friend.

Mr. PERLEY: I do not set myself up as an expert.

Mr. ROSS (Moose Jaw): But I think I know the way wheat is handled.

Mr. PERLEY: The hon. member ought to, from the experience he has had.

Mr. ROSS (Moose Jaw): As I understand it, our wheat board sell a certain amount of wheat to the cereals import board on future delivery, not through the exchange; but they agree to sell at a price to the cereals import board, and after that has been done, the cereals import board at times asks for delivery of that wheat.

Mr. PERLEY: Where?

Mr. ROSS (Moose Jaw): Montreal, Saint John, Halifax, Quebec—any of our ports. In the meantime the wheat board has sold to the ordinary exporters in Canada a certain amount of wheat which they have moved into position so that it can be delivered; and in selling that wheat—I think this is common knowledge—they sell it for cash, and the exporter sells back a future to the wheat board. The wheat is put in position, and then the cereals import board deals with the exporter of wheat, makes its price, and buys the cash wheat from the exporter. That is the seaboard price about which the hon. member is speaking.

Mr. PERLEY: What does the board do with the option in May?

Mr. ROSS (Moose Jaw): The option is then traded back by the cereals import board.

Mr. PERLEY: By brokers?

Mr. ROSS (Moose Jaw): It does not matter whom it is by; it is traded back by the cereals import board to take up the short option of the exporter.

Mr. PERLEY: And on the option they bought, this broker may deliver in the next two or three months, or whatever future month it is?

Mr. ROSS (Moose Jaw): I beg the hon. member's pardon?

Mr. PERLEY: I say that, on that option the board bought, the clearing house may deliver that cash wheat on it in the future month they bought?

Mr. ROSS (Moose Jaw): No.

Mr. PERLEY: Well, it has to be traded through the clearing house, has it not?

Mr. ROSS (Moose Jaw): It is traded by the cereals board back through to shut out that option, and the net result is, no matter what price they paid at the seaboard, nobody knows what price the cereals import board paid the Canadian wheat board for that wheat. That is the reason why you cannot find it out though. You may keep on trying.

Mr. PERLEY: I am just taking the minister's statement for it, when he said it was sold for considerably over the market price.

Mr. MacKINNON (Edmonton West): Mr. Chairman, I made no such statement.

Mr. PERLEY: That is the statement. I believe that *Hansard* will bear it out.

Mr. ROSS (Moose Jaw): I think the statement was made with regard to the 100 million bushels sold a year ago; it was not made with regard to this 120 million bushels.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ROSS (Moose Jaw): When the committee took recess I was endeavouring to explain the operations of the sale of wheat to the British cereals import board. I was also endeavouring to answer some of the points raised by the hon. member for Qu'Appelle.

The next point he raised was with regard to the interest paid by the board to companies purchasing grain at the country elevators. That is part of the contract which is made in connection with the handling of wheat between the grain company and the board. It is at a higher rate of interest, I would think, than that at which the government could borrow money. But that grain is at the risk of the elevator companies with regard to grade and weight until such time as it is delivered at the terminals. If any loss comes to them it is the grain companies that lose, not the wheat board. The wheat board guarantee the amount of money paid, a fixed

price to the elevator companies, but only on delivery of the wheat with weight and grade correct.

My hon. friend also spoke of the board taking over coarse grains. All the board has done with regard to this is to take the direction of shipment for the allotment of elevator space in order that the board may direct what can be stored in the elevators, what can be shipped over the platform, and also, I think, this year in order to have transport for coarse grains to eastern Canada if they are needed for feeding live stock in this part of Canada. The board must of necessity have control of what is shipped in the way of coarse grains as well as in wheat.

The next point my hon. friend brought up was in connection with United States prices on grain. He gave information as to how wheat is being handled on loans to farmers in the United States, and to some extent he compared prices between Canada and the United States. Wheat is not at an ordinary price in the United States to-day any more than it is in Canada. Considerable loans have been made against wheat in the United States, one of the purposes being that they wanted to lift the price for the farmer in the United States by causing the domestic consumer there to pay more for the flour or the bread. That is not a very difficult proposition in the United States, whereas it would be very difficult in this country. The United States rarely exports more than 25 per cent of its total crop, whereas this country usually exports about 75 per cent of its total crop. By raising the price of the 75 per cent used domestically you get a fair raise on the whole crop, but to try to raise the price of 25 per cent or less of the crop in order to raise the price on 100 per cent is not a practical proposition.

My hon. friend then came to the offer that was made by the grain trade last year to turn over their whole plant and system to the Canadian wheat board, or to the government, for the duration of the war. He read out the names of nine separate firms which apparently had made this offer. The offer was on the basis that they would operate as agents of the board. They offered their whole system for the duration of the war on the basis of 6 per cent earning on the capital invested. I noticed that none of the pools offered to turn over their plant and equipment. I noticed that the Grain Growers Grain company did not join in the offer, nor did some of the other grain companies.

I have tried to find out just what position some of these companies are in which made the offer. I went to the *Financial Post* survey of corporate securities to find out exactly their position. I found that many of these companies were privately owned, and therefore a statement was not obtainable; but on those that were publicly owned, I did get a statement. I shall give some of the facts with regard to some of these companies that offered to turn over their plant and system for the duration of the war at 6 per cent on the invested capital.

Let me take, first, the N. Bawlf Grain company. Its preferred stock is 6½ per cent, $2,000,000 issued; common shares with no par value, $60,000. The 6½ per cent preferred dividend was regularly paid until December 1, 1930; no dividend has been paid since. There are arrears of cumulative dividend of something over $60 a share. There is $500,000 of first mortgage bonds.

The next company mentioned was the Alberta Pacific Grain company. This company has a $3,000,000 issue of 7 per cent cumulative preferred shares; the dividend was paid regularly from 1926 to July, 1930, and no dividend since. Cumulative arrears are $66.70 a share; common stock, no dividends paid, and no bond interest paid on $2,678,000 since 1933.

The Western Grain company has a $2,000,000 issue of 6½ per cent preferred stock; the dividend was paid to April 2, 1931, unpaid since. Accumulated arrears amount to $56.87 a share. On the no par value common stock, 200,000 shares, no dividend has been paid. On the bond issue, a 6 per cent first mortgage, series A, $3,000,000, no interest was paid from 1933 to 1936.

The Federal Grain company has an issue of $3,000,000 of 6½ per cent cumulative preferred stock; dividends not paid since February, 1931; arrears, $58.50; bonds, $3,104,000. These are the companies about which I have been able to get the information.

Mr. PERLEY: Will the hon. member give the dividends these companies have paid within the last year, and what they are earning now from the board in connection with the storage of grain?

Mr. ROSS (Moose Jaw): According to this survey, they have not paid any dividends on any of their issues in the last year.

Mr. PERLEY: In 1940-41?

Mr. ROSS (Moose Jaw): This is the 1940 survey of securities, and according to this there have been no dividends paid at all. My hon. friend has suggested that because this offer was made, the government should have taken over firms that apparently have not been able to earn dividends for ten years or more, and pay them 6 per cent on their invested capital. The hon. gentleman seems

to think that these companies have been making a great deal of money under the present arrangement, and now he wishes to give them in addition a guarantee of 6 per cent on their total invested capital for the duration of the war.

Mr. COLDWELL: I did not hear for which year the survey was made. Was it 1940, and would that be for 1939 dividends?

Mr. ROSS (Moose Jaw): Up to 1940. This is the 1940 survey, the latest I could get, and I obtained these figures just to-day.

Mr. COLDWELL: That would be issued in June of last year?

Mr. ROSS (Moose Jaw): In 1940. In any event the situation is that for ten years or more no dividends were paid. Everyone knows that in 1937 and 1938 these companies of whom my hon. friend speaks had huge deficits; not only did they not pay dividends, but they had deficits. In a year like 1937 that was bound to be the situation; yet the suggestion is made that for the duration of the war we take over these companies and guarantee them 6 per cent. We might have another year, or more than one year, like 1937 before this war is over. In that event this government, if it adopted this suggestion, would be loaded with a tremendous charge over and above the expense it has to bear to-day in handling the grain business of this country.

Mr. PERLEY: If the hon. gentleman will look up the record he will see that I suggested that the government take over the whole elevator system for the handling of grain.

Mr. ROSS (Moose Jaw): My hon. friend read the telegram from these companies containing their offer, and said he would like to know why the offer was not accepted.

Mr. PERLEY: Is that a suggestion that the government should accept it? I asked why they did not do so.

Mr. ROSS (Moose Jaw): My hon. friend can quibble about it if he wishes, but I think anyone who understands English will understand what he intended to say. Then the hon. gentleman, who has been talking about rackets, suggested a real one. He suggested that because the wheat board had complete jurisdiction over the handling of wheat in this country, so that no one can ship a car or put a bushel in an elevator or move wheat from one elevator to another without permission from the board, and that because in the ordinary course of handling wheat futures have been used, the wheat board should take the position that it had an absolute, strangling monopoly on the grain trade and should use that power to corner the grain and put these people in a false position.

Mr. PERLEY: The hon. member is drawing on his own imagination.

Mr. ROSS (Moose Jaw): No, I am not; that is exactly the suggestion of my hon. friend as it appears at page 3651 of *Hansard*. Then the hon. gentleman said that the policy adopted by the board for the coming season had not met with the approval of western producers. The policy of the board is an act passed by this house, which has been in effect for some time. We here are responsible for what the board is doing. We are responsible for the fact that the board is handling futures. We are responsible for the fact that the board is handling wheat through the ordinary channels; we have directed them to do so by an act of this house, and they can do nothing else.

During the discussion the other evening a point was brought out by the hon. member for Acadia, I believe, in connection with the order in council, which he thought contained a new provision giving certain rights to landlords, mortgage companies and others which they did not possess a year ago. I believe that is correct. Last year nothing of the kind was necessary, because there was no restricted delivery; we were taking the whole crop. Some provision must now be made to protect these people during this crop year, but I do not believe the method followed in the order in council is the proper way to handle this problem. I do not think the landlord or the mortgage company should have the right to receive a portion of the first wheat to be delivered, and I believe some change should be made in order that the farmer may have a chance to pay his harvesting expenses before any share of the crop goes to the landlord, mortgage company and so forth.

There is another point, which I do not think the hon. member for Qu'Appelle dealt with, in connection with the amount of wheat the farmers of western Canada can deliver this year. We have said that the farmers of Canada will be allowed to deliver only some 230,000,000 bushels of the 1941 crop, which works out at about 222,000,000 bushels for western Canada. We have said also that a certificate will be given the farmer for his protection in case the wheat is finally sold for a higher price. Having limited the number of bushels the farmer can sell this year; having set up the remainder of the wheat as a reserve to be held during the war and sold as needed, we are placing ourselves as farmers in this position. We are allowing the government to say, "We will take only 230,000,000

bushels of your wheat this year, and if we should sell more wheat than that, it will come from the reserve." Under those circumstances I think it only fair to assume that the interim certificate should be worth something this year; and that whatever is obtained from the sale of this wheat from the first of the crop year until the 230,000,000 bushels is sold, less the actual cost of selling that wheat, should go to the farmer. It belongs to him; it is his wheat that is being sold. When the quantity is limited, then he should be given all we can get out of it. I may want to ask some questions later on. If the hon. member wishes to ask me any further questions, I shall be pleased to answer them.

Mr. PERLEY: I do not think the hon. member for Moose Jaw has made a very great contribution to the discussion. He tried to help the minister out before six o'clock, and in my opinion he got farther into the mire, and much more confused.

I should like to state briefly my position with respect to the matter which was under discussion this afternoon. I believe the minister went out of his way to criticize me. I am ready to substantiate anything I have said. Nothing has been said this afternoon to clear up the situation.

With respect to the deal I would say that on the afternoon of the 6th I had a telephone call from western Canada—much farther west than Winnipeg—in which it was stated that a copy of the Calgary *Herald,* which I now hold in my hand, was in the air mail addressed to me. They wished that I would see it and bring it to the attention of parliament as soon as possible. It so happened that I was waiting in my room at that time expecting the house to go into committee to consider the minister's estimates. I would state further that while I was in my room I received a long-distance telephone call from Winnipeg, in which it was pointed out that there was a good deal of excitement concerning the statement that had been made the day before, namely the 5th, in answer to the question asked by the leader of the opposition.

I wish to assure the committee that I had no motive other than the very best in mentioning the matter in the speech I made. I had nothing but the best intention. The matter had come to my attention during that afternoon not more than half an hour before I spoke. I would ask the government who it was that first brought this matter to their attention. Will they table the correspondence or the telegrams with respect to this shipment of wheat from Vancouver on Japanese account?

[Mr. J. G. Ross.]

I have in my hand the Calgary *Herald* of June 5, the headline of which states:

Alberta grain for nazis? Japanese vessel loads at coast; reich supply moves via Siberia.

And the text of which is as follows:

Is Canadian wheat, specifically Alberta-grown wheat held in coast terminals and owned by the Canadian wheat board, reaching Germany through Japan? This represents a figurative but worrying question mark dangling before the grain trade and appearing, by coincidence, almost simultaneously with Associated Press reports from Tokyo (June 3), to the effect that foodstuffs are flowing into Germany via Japan and the trans-Siberian railway at the rate of 1,500 tons daily.

Without offering any comment, grain circles here state they know the wheat is being loaded from Vancouver. Ottawa agrees with this. Over the week-end, between 3,000 and 4,000 tons, ordered ten days ago—

Ten days ago, it says here, by a certain firm.

—by a large firm of Japanese importers, went into a Japanese freighter. Shanghai is given as the destination.

In this regard inquiries at Ottawa brought word from the deputy minister of trade and commerce that "we have satisfactory assurances the wheat will not get to Germany".

Then it goes on:

At the same time, it was stated the cargo is destined for north China, for the purpose of feeding people there. Vladivostok, hundreds of miles north of Shanghai, is the terminus of the trans-Siberian railway.

Apart from the initial order, three other Japanese freighters are at Vancouver ready to load wheat, while the first boat takes on additional mixed cargo at New Westminster.

Available information indicates the wheat was ordered out of the Midland Pacific terminal at Vancouver, but this is denied by John Whittle, company representative there.

Calgary offices of the company explained they had no knowledge of the situation, as any order issued by the Canadian wheat board at Vancouver would not be brought to their attention.

Then in conclusion:

Exactly what grades are loaded and on order has not been stated, but the first has been sacked and presumably others will be similarly handled.

I received the telephone call pointing out that this article was in the mail addressed to me, and I believe I received it in sufficient time to bring it to the attention of the house. However, I did not do so. I wish, however, to refer to the other telephone message, and in that connection I quote from the note I took of the telephone message, and which I have before me now. My note is to the effect that certain Canadian firms, giving their names—and I named the firms—stated that they would have nothing to do with that deal of supplying any firms with grain consigned to Japan. In good faith I brought that matter to the attention of the house.

Some discussion has taken place on the point this afternoon, and I do not know whether or not it has been cleared up. There has been some confusion respecting the board's position. They certainly held wheat out there. We do not know. The transaction started in February, and was not completed until May. I know by the way they act, and from the description of their operations given by the hon. member for Moose Jaw, that they certainly deal in futures, or have their brokers or agents deal for them. This deal must have been put through the pit, and therefore I do not believe that the statement made this afternoon by the minister clears up the matter.

The minister made an attack against me this afternoon, and I should like to answer him at this time. I would ask him, first, what assurance the government had that the Canada Grain Export company in Vancouver was not acting on behalf of some international firm. Is there any definite assurance that they were not? Apart altogether from the question as to who operated for the board, that is a difficult question to answer. Has the government any knowledge, or would it care to make a statement respecting other Canadian firms I have mentioned who have refused to have anything to do with such deals in connection with wheat going out from the Pacific coast, which may go through to Japan? Was the government informed that this grain was to be shipped in bags? We should have an answer from the minister on that point, because it was indicated that it was going somewhere. As I have pointed out, it was going to a Siberian terminal, after being transhipped at Shanghai.

Then, did the government know that Japanese bottoms were on the way to Vancouver early in May to take this wheat? I suggest that the minister through his advisers should inform us as to what brokers acted for the board in connection with this deal. As I say, it began in February and was completed in May.

This afternoon the minister referred to a telegram he had received from Bunge North-American Grain corporation. In that telegram it was pointed out that the only shipment they had made recently was made on February 11. Where did they get their wheat on that date to ship from Canada?

Then, the minister made reference to Jewish firms—that is the way they have been described. With respect to these firms—they are termed the big three; his officers will know what I mean—I should like to inquire just how much Canadian wheat has been delivered to them in the last two years by the wheat board for export. It might be interesting to know if they have shipped anything in the last twenty months. Reference has been made to the telegram from Mr. Ladner, and the statement that he was a supporter of the Conservative party is apart altogether from the question. So far as I am concerned, I do not care who he is or what he is or what party he supports. If I think any firm is doing anything of the kind to which reference has been made, I am prepared to oppose it, or bring the matter before this committee. I do not care whom he is supporting; that has nothing to do with this question.

The minister tried to answer some of the questions to which I referred, but I do not think he did it very satisfactorily. I referred to the liability to the agents, and I wanted to know what it was. A statement was tabled in January, 1940. My reference to it was as plain as the king's English could make it—what is it now, the guarantee to the agents of the board? That is what I wish to know, namely, the liability referred to in this report. Reference was made to the appendix to the resolution with respect to that guarantee. I was justified in bringing that to the attention of the committee. It distinctly says on page 48 of the report that there is an outstanding guarantee. The minister tried to indicate how the board was operating. I wish to know if those guarantees are guarantees of the accounts of brokers, and I wish to know what brokers. He says that the board are not dealing in options, and consequently they must have brokers trading for them in options. They are buying and selling, and the trades have to be completed. We should like to know how much this guarantee is at the present time.

There has been a reference to price, and we have had the statement of the hon. member for Moose Jaw with respect to this price matter. I do not think there should be any great secrecy about it. The minister, when he has reported these sales from time to time, has given the committee the impression—in the case of one sale in particular he said it was considerably over the then market price or the 70 cent fixed price. I got the impression that it was the same with respect to the 120,000,000 bushels. However, I will take the minister's statement that it was not. The hon. member for Moose Jaw tried to clear the matter up this afternoon, but I think he was a little confused. I will read the statement put out in the bulletin of May 17:

> The export of wheat in April amounted to 20,322,400 bushels at a value of $17,393,126 or an average of 85·6 cents per bushel.

That is at the point of shipment, I presume the eastern terminals. That is as plain as the king's English can make it. The interpretation I place upon it is that there were 20,000,000 bushels of wheat sold for $17,000,000, which works out at 85 cents a bushel. This afternoon the minister said he did not know who represents the cereals import committee. The board has brokers dealing with the representatives of the cereals import committee, and therefore the board should know with whom the brokers they employ are dealing. If they do not, how do they know that the wheat their brokers or their agents are selling in the pit is going to Britain? I do not think the statement of the minister cleared that up at all. The hon. member for Moose Jaw in referring to shipments made the statement that in Australia there is no embargo. They are still shipping a very small amount. I have the figures. He did not then refer to the United States, although he did so this evening. The price in the United States is the restriction. Those who want wheat come to Canada because it costs too much in the United States.

With respect to the sale of 120,000,000 bushels that the minister announced a little while ago, he said that that would go over the year for the period ending May, 1942. He should tell us whether or not the futures were sold, because he stated it was futures. Then we need to know what brokers were employed. Certainly one broker would not handle the whole transaction. It would be very apparent on whose account it was. We should have a list of the brokers used, how much brokerage was paid, what fees were paid and when they were paid. I do not think it would be divulging any great secret if we had the price.

Mr. ROSS (Moose Jaw): Does the hon. member think there were brokers in that?

Mr. PERLEY: The minister can answer the question. He said that they sold futures, and he has stated here that although they have a membership the board did not sell futures; they employed somebody to do it. Therefore I would presume that they would employ brokers to do it. A deal in futures would have to be cleared through the exchange.

Mr. ROSS (Moose Jaw): We sold future deliveries of 120,000,000 bushels direct to England.

Mr. PERLEY: Futures.

Mr. ROSS (Moose Jaw): Guaranteed to deliver.

Mr. PERLEY: It is futures, he said.

Mr. GARDINER: A period of months.

[Mr. Perley.]

Mr. PERLEY: We want to know in what months. If it was traded through the grain exchange, they would have to deal in certain months.

Mr. ROSS (Moose Jaw): It was not traded through the Winnipeg grain exchange.

Mr. PERLEY: Answer me this then. The hon. member for Moose Jaw seems to be taking the position of being the mouthpiece for the minister. There is a statement in this report that the board is holding a certain amount of this 570,000,000 bushels in cash wheat and futures. What about that?

Mr. ROSS (Moose Jaw): That could be true; what of it?

Mr. PERLEY: I am asking the hon. member. He says they have not any futures.

Mr. ROSS (Moose Jaw): I did not say anything of the kind. I said that the board had sold for future delivery 120,000,000 bushels of wheat to the cereals import committee. I did not say that they sold it as futures on the Winnipeg grain exchange; I said that they contracted for future delivery of 120,000,000 bushels of wheat.

Mr. PERLEY: They did not use brokers?

Mr. ROSS (Moose Jaw): No.

Mr. PERLEY: The hon. member for Moose Jaw seems to know more about the matter than the minister. All right; we had better leave it there. When we get that committee the minister is going to give us this fall, we shall call some of the brokers from Winnipeg and find out if they have been operating for this board. I have in my office letters from some of them which I should like to have in the chamber right now, and they complain of the way in which the business has been handled. They say that it was given to a few special ones. I think the hon. member for Rosetown-Biggar (Mr. Coldwell) made reference to the knowledge he had of that.

With respect to the matter of guarantees, I quoted from the budget resolutions. I think I was justified in bringing that to the attention of the committee. The matter has been mentioned with respect to interest. The hon. member for Moose Jaw referred to that this evening. The hon. member agreed with me that the interest paid to the agents of the board, 4½ per cent, is a little too high, especially when the government only pays the banks three per cent. I think if the board were handling the whole transaction themselves, they would save this country at least 1 per cent on the volume of wheat. That is the way it should be done. They should pay for it daily. The duplicates of the cash

tickets received by the producers come into Winnipeg from all over the country. Why should the board not pay the elevator companies and cut out the interest altogether? That is one thing I think they should do. I should like to know from the minister when the board settles with the country agents. I should like to know the storage earned by the different elevator companies. These are some of the matters about which we should be informed.

Then I come back to another matter. Has the government ever considered adopting a plan for the marketing of the 1941 crop similar to that adopted in the United States? I think they should give consideration to that, and if they have done so, I should like to know why they did not adopt some similar plan.

Another matter which I think the minister should clear up a little better than he did this afternoon is with respect to arranging some settlement regarding the position of those who have contracts to deliver wheat to the board. It is out of position. The minister knows what I mean by "out of position"; he referred briefly to that matter but did not clear it up to my satisfaction. Is there some deal or arrangement pending with these firms to make a settlement and to take the October for the July wheat?

October is a new crop month. The grain exchange is to remain open, and if all these firms are going to take in wheat they will certainly protect themselves if the board cannot take the wheat off their hands. The 1941 crop should be kept separate. The hon. member for Lake Centre has made that point, and I agree with him. The board is taking only 230,000,000 bushels and that wheat should be kept in a separate account. If it is sold for more than 70 cents a bushel, the farmers should have anything that is left after carrying charges and expenses have been deducted. I am glad that the hon. member for Moose Jaw brought up that point.

The minister should also give us some information as to the elevator annexes being built throughout the west, how much grain has been stored in them, what is the storage paid to date, and how often these accounts are settled with the elevator companies. This is one of the matters that I say is a racket because there is both mixing and skimming. I should like to have time to go into that, but I have not the time to-night. There is bound to be mixing. Take, for instance, the annex at Portage la Prairie. What is going on there when grain is shipped into that annex from all over the west? The grain is certainly being mixed, and I understand that a skimming and mixing racket is going on.

I come back to what the hon. member for Moose Jaw referred to, the offer of those nine firms. I brought that matter to the attention of the house at the time I urged that the whole elevator system, the physical handling and the storage, should be taken over. I did not know what the financial position of these nine firms was. I had a copy of the telegram which the minister had, also a copy of the board's reply, but no information as to the amount that would be involved.

The hon. member for Moose Jaw said that there would be a risk with respect to grades and weights. If the government took over the whole elevator system, the government would have the whole load; and if there is mixing going on, if that is to be permitted, the government would have the benefit. I venture to say that there would be no risk. I know that I received letters and telegrams from all parts of my district that No. 1 wheat was being taken in as No. 2 and No. 3, and was being mixed. The minister might explain with the assistance of his advisers exactly how this grain is handled when it reaches Fort William. How is the government keeping track of No. 1, No. 2 and No. 3 in the different elevators, and how are the elevators keeping track of what they ship out? What happens in Fort William if more No. 1 arrives there than elevators report having taken in, in the country? How does it square up with the amount of No. 1, No. 2, and No. 3 taken in at the country elevators? I have called this mixing and skimming that is going on a racket, and I venture to say that the hon. member for Wood Mountain will agree with what I say as to the mixing and skimming that is going on. The minister has not cleared up to my satisfaction the various points I have mentioned. We have as much information now as we had at the start. He should tell us with the assistance of his advisers exactly what the board is holding in futures if they hold any. The statement has been made that they hold 170,000,000 bushels in futures.

I made a few notes with respect to some other observations the minister made this afternoon, but what he said was not, I think, of sufficient importance for me to take the time to answer.

The minister should make a definite statement to the committee with respect to the 1941 crop and tell us definitely that it will be kept in a separate account and that there will be a separate accounting for it each month.

The committee is entitled to more detailed statements than we get from the reports of the wheat board, and we should get detailed statements oftener. That is due not only to

the farmers but to the country. It is not sufficient to give us a detailed statement only once a year.

With respect to coarse grains, the regulations are to all intents and purposes the law, and I think they will be carried out this fall. Coarse grains are being brought under the operation of the board, and I think a definite price, a minimum price at least, should be fixed for barley and oats. If they cannot take delivery, the farmers should know exactly why they cannot, because I know the farmers are willing to do their part. It seems to me that we are going to have an overabundance of coarse grains this year as a result of the policy of the Minister of Agriculture to reduce wheat acreage and bonus land seeded to coarse grains. We should have some definite information with respect to that.

The hon. member for Moose Jaw has made one or two references to the risk. I have answered that. He also referred to the nine firms which offered their facilities for the duration of the war. I think, before this year is out, the government will realize that the amount involved will be $500,000,000, and I venture the prediction that before the end of October they will be in a frame of mind to think that they should have taken over the whole physical handling of the wheat. It would save several million dollars in storage charges.

We should also have a statement from the minister as to the terminal at Port Arthur leased to McCabe Bros. and the one rented to the United Grain Growers at Vancouver. How much have McCabe Bros. earned from their elevator at Port Arthur in the last six months, and how much have the United Grain Growers earned from the government elevator at Vancouver? How much has the board paid to these two firms? The minister should also give us a statement with respect to the government-owned elevators, stating the exact position with regard to them.

Mr. DONNELLY: In reply to the hon. member who has just spoken (Mr. Perley), I should like to answer a few of the questions he has asked. First of all, I will take the last point he brought up, and this is the second time he has referred to the elevator at Port Arthur rented to McCabe Bros. The hon. member for Rosetown-Biggar also referred to that the other evening. I remember being in Fort William some years ago and speaking to the gentleman who is in charge of our internal storage elevators. At that time he told me he was losing money in this elevator at Port Arthur on account of the fact that the grain act was changed in 1929 and that, instead of being able to mix the different grades, they had, from then on, to keep them separate. Then, he said, "We have an export grade, and we also have a grade that we buy by. The grade that we buy by is what we call the standard grade, and the grade that we sell by is called the 75-25—seventy-five of the average run of No. 1 northern as it comes in, and 25 per cent of the standard grade, which is the lowest sample that one can get out of that grade—with the result that the export grade is much higher than the standard grade." The result is that this elevator, the government having no elevators out in the country, would get only what might be called the mistakes in grading. If a sample of wheat was graded No. 1 northern, although, to look at it, it was only No. 2, the elevator company would decide that "that is no use to us; we will ship that to the government terminal at Port Arthur." That went down all through the grades, and the result was that this elevator was getting only the lowest which could pass that grade, and when they shipped the grain out they were unable to maintain their grades, and lost money. This happened after the grain act was changed in 1929.

The result was that, during the regime of Mr. Bennett, he concluded that if the government were going to lose money by operating the elevator, they might as well rent it. Therefore they called for tenders and rented it to McCabe Bros. From 1931 or 1932 it was rented continually at the same rate. The lease expired, I believe, in 1938, before the war broke out, and the government renewed the lease. That, of course, was a piece of good fortune for McCabe Bros., because since the outbreak of the war, grain storage space has been at a premium. But what is the government to be expected to do? Is it expected to break its contract and cancel the lease just because McCabe Bros. are making money out of it? I do not believe that anyone would seriously ask the government to cancel a contract which was made in good faith before the war began, merely because the lessees are making money out of it.

Mr. ROSS (Calgary East): When does that lease expire?

Mr. DONNELLY: I am told that it goes for six years.

It may be that some changes are necessary to which I shall refer later, and which might offset some of the profits which grain storage firms are making. But I contend that this particular contract was a legitimate one, entered into at a time when no great amount of money was to be made out of the operation of terminal elevators. It is pretty far-fetched

to ask the government now to cancel its contract in order to prevent these people from making money.

One other matter which has been mentioned, and to which I wish briefly to refer, is the demand for the closing of the grain exchange. I listened to the debate the other night, and everyone who rose in his place in this chamber said that we must close the grain exchange. I am not a champion of the exchange, but I have been growing grain for the last thirty-six or thirty-seven years, and during the whole of that time I have been hearing the cry, "Close the grain exchange; they are a lot of rascals down there in Winnipeg." It has long been a favourite pastime to call for the closing of the exchange, much as one hears people talking about the "big shots," the financial interests which are supposed to have the country by the throat, and the predatory banking interests. It is always a favourite sport to talk about these things. Yet I have never heard a man give a convincing reason why the grain exchange should be closed.

Mr. PERLEY: Did the Turgeon commission not say that it should be closed?

Mr. DONNELLY: Never mind the Turgeon commission. The hon. member may give me any reason he can think of when his turn comes. I can give him some reasons against closing it. I have one right in my hand. Here I have two tickets for wheat sold in May. One lot of wheat was sold to the board, from whom I got 55½ cents. Here is another ticket for wheat I sold to the grain exchange, and for which I got 57¾ cents.

Mr. HANSON (York-Sunbury): Were both sold at the same time?

Mr. DONNELLY: It is going to take a lot of talk to make me believe that the exchange has not played a useful part.

Mr. HANSON (York-Sunbury): Were both lots of wheat sold on the same date?

Mr. DONNELLY: The sales were about a week apart.

Mr. QUELCH: Did the hon. member get a participation receipt from the grain exchange?

Mr. DONNELLY: No, I did not, but I have had a lot of them, and the hon. member can have them if he will give me one-half of the difference between what I received on those two transactions. There is, in fact, 2¼ cents difference; if the hon. member will give me one cent a bushel, I will let him have them all. As I have said, it would take a lot of talking to persuade me that the grain exchange has not played a useful part, and I believe that my opinion is held by every other farmer in western Canada who is dealing in or selling wheat when he obtains that advantage by trading through the grain exchange.

Another consideration which occurs to me is this. If at the present time you close down the grain exchange, what are you going to do with your coarse grains? Where are you going to sell your flax, barley and rye? Presumably you will have to appoint a board to take them over. We shall have to have some facilities to handle these coarse grains if the exchange is closed.

There is no doubt that the grain exchange has played a useful part in the past. It has kept down the spread between cash wheat delivered at Fort William, and street wheat. Without it, the man buying wheat out in the country would have to purchase it on his own gamble. What is it going to be worth when it gets to Fort William if you do not have a grain exchange to sell the wheat for you? You must have some organization of that kind so as to narrow the spread. If you do not have it, what would be the result? Well, you buy wheat to-day, and I might not be able to get it to Fort William for two months. At the end of that time the price of wheat might be down twenty cents, and I would have to take the difference in the spread between cash wheat and spot wheat down in Fort William. Anybody who has looked into the matter knows that in this connection the grain exchange has played a useful part in the past.

Not only that. If a committee such as the hon. member for Qu'Appelle wants is set up, and it calls before it some of the members of the grain exchange, I believe it will be found that the board has been using the exchange to keep down storage costs. Mr. McFarland handled the problem in that way; he dealt in futures; and these people have to deal in futures sometimes in order to reduce the cost of storage in our terminals. There is no doubt about that.

Mr. PERLEY: The minister said that they do not.

Mr. DONNELLY: Well, you will find that they do deal in futures in a certain amount.

I wish to refer to another matter, namely storage charges. Last year, when speaking in this chamber, I said, referring to storage charges, that the elevator companies would be making this year, at the then level of storage charges, somewhere in the neighbourhood of $50,000,000, and that the farmers

were going to get 50 cents a bushel for 400,000,000 bushels, which would be something like $200,000,000. The hon. member for Rosetown-Biggar the other night said he thought my figure was exaggerated. The Minister of Agriculture in speaking here not very long ago, referred to the fact that the government had expected to have 570,000,000 bushels of wheat in storage at the end of July, and said it would cost the government $50,000,000 just to store that wheat, and there are many other charges besides storage when you take in wheat. Besides that, there are 230,000,000 bushels of wheat to go through the elevators this year, because we are going to take 230,000,000 bushels.

The farmers are going to pay a certain amount; they pay it when they sell their wheat on the street, for the weighing, grading, elevating, loading in cars and shipping. Not only that, but there is also the elevating of this wheat at the terminal elevators. There is the cleaning of the wheat, and what is made from drying and work of that kind. Therefore it is easy to see that this year there will be between $60,000,000 and $65,000,000 made by these people; there is no doubt about that. I still maintain that although we reduced the storage charges last year from one-thirtieth of a cent to one-forty-fifth of a cent a day, we did not reduce them enough; we should have reduced them still further This one cent we spoke of last year for selling our wheat is a charge which should not be allowed; it should be cut down considerably; it is entirely too much. That is the reason why one hears throughout the country to-day the cry going up, "Close the grain exchange." From whom? It was started by the elevator companies. Why? Because the elevator companies get that one cent for selling the wheat which formerly went to the grain exchange. All they do for it is to make out your participating ticket when you go in, and send that off. It is true that it might be a good thing for the wheat board to open up a sales department and take over all the selling of wheat. But I cannot see any reason why, at the present time when farmers are living from hand to mouth and making sacrifices, and are down at a low ebb and asked to curtail their production, the grain trade should not be asked to reduce some of their charges.

The chief complaint we heard the other night was as to the price of wheat. All said that the price was too low. Being a farmer myself, of course I should like to see it much higher. I should like to see it just as high as does any other hon. member; you cannot make me mad by raising the price of wheat. There seems, however, to be a misconception as to what we are getting for our wheat. Some said they wanted 85 cents; some, 95 cents; let us see what we are getting and what we are going to get as wheat growers. First, we have 70 cents guaranteed as a minimum payment.

Mr. NICHOLSON: At Fort William.

Mr. DONNELLY: Yes, and then we get a participating certificate with which I shall deal in a moment. Then the government says, "You must cut your acreage so that you have only 65 per cent of last year's, and on that basis the production will be about 230,000,000 bushels." And they said, "To the people who cut down their acreage by sowing coarse grains or grass or by summer-fallowing, we will give $35,000,000 in the way of assistance." If you divide $35,000,000 into 230,000,000 bushels, that means fifteen cents a bushel. Anyone who lives up to what the government ask them to do will get another fifteen cents a bushel. The scheme has this advantage, that whether you get wheat or not, whether you have a poor crop or not, whether you are frozen out or the grasshoppers eat you out or you are dried out, if you reduce your acreage as you are asked to do, you will get an average of fifteen cents a bushel on the average yield whether you have an average yield or not. That makes 85 cents a bushel.

Mr. HANSON (York-Sunbury): Does it not cost something to get that?

Mr. DONNELLY: You will have to summer-fallow and sow coarse grains anyway.

An hon. MEMBER: Not that much.

Mr. DONNELLY: Perhaps not. Then the government say also, "There are certain parts of Saskatchewan that have been having no crop for some years, and we are going to help these people to whom nature has been unkind by drought or grasshoppers or hail or some other condition." Accordingly they have what is called prairie farm assistance or the acreage bonus. That has been provided; it cost in one year, I think something like $12,000,000; in another year, $8,000,000 or $9,000,000. If it averages about $10,000,000, that means another five cents a bushel given to wheat growers in western Canada on account of the failure of the wheat crop. That is given, not to the man who has a lot of wheat, but to the man who has no wheat; it is paid on an acreage basis. That brings it to 90 cents a bushel.

We come now to the last, namely, our participating certificates. We are told that this year it will be different from last, that on August 1 we are to have a cut-off; that all the wheat we get up to that date will be considered a government responsibility and

put on one side, and that, from that on, all the wheat that comes in will be dealt with as this year's crop. In other words, all the money we get for wheat after August 1 will be on this 230,000,000 bushels, that is to be kept distinct and separate. If the price of 86 cents mentioned by the hon. member for Qu'Appelle is anything like accurate—and we know that 50,000,000 bushels anyway is going to be sold at 85 cents because it is going to be sold at 70 cents plus the processing tax—and if we have another 120,000,000 bushels, as the hon. member for Qu'Appelle said, sold for 86 cents, our total should be 75 cents anyway.

Mr. HANSON (York-Sunbury): But the fifteen cents does not go to the farmer.

Mr. DONNELLY: It goes to the board for the wheat.

Mr. HANSON (York-Sunbury): But the farmer does not get it.

Mr. DONNELLY: Well, it should go to the farmer.

Mr. HANSON (York-Sunbury): If it does, let us know about it.

Mr. DONNELLY: With all these things, the participating certificates should bring somewhere in the neighbourhood of five cents a bushel; and if they bring anywhere near what the hon. member for Qu'Appelle said, 86 or 86½ cents. Therefore we get somewhere about 95 cents. What, then, is all the cry about not getting enough for the wheat? These are all plain facts, and our government has said that this year's wheat is to be kept separate. All wheat delivered after August 1 is to be counted as this year's crop; when we have delivered the 230,000,000 bushels, a settlement will be made with regard to whatever we get for it, and the participating certificates will be paid. That is what we are expecting will be done.

Mr. BENCE: Is that what the government said?

Mr. DONNELLY: I understand so.

Mr. BENCE: I hope that is right.

Mr. DONNELLY: That is what I understand is to be done. Hon. members will have to ask the minister for a more definite statement, but that was what was referred to by the hon. member for Moose Jaw. The hon. member for Qu'Appelle referred to it also. I refer to it again as part of the price we are to get for our wheat. Therefore we should get for the 230,000,000 bushels in the neighbourhood of 95 cents a bushel. It should not be given just to the man who happens to have wheat. We must remember that at one time we had a bonus of five cents a bushel on wheat, and many of us went up and down the country saying this was altogether wrong, although it was following the words of the scripture that to him that hath shall be given. We condemned the government of that time for that policy; and I say it is right that this bonus or assistance should be given to those who have poor crops, damaged crops or no crops, instead of on a bushelage basis. I believe the present system is far better than the system which was followed at that time.

There may be other questions that will arise in connection with this wheat problem. For example, there is the question of setting up a selling agency to take over this wheat; perhaps that might be a good thing to do. I am not going to say, but I think it should be investigated because some of these charges for the handling of wheat are altogether too high.

Mr. WEIR: The vote we are considering this evening has to do with the administration of the Canada Grain Act, which is administered by the board of grain commissioners. That act has to do with the grading, weighing, inspection and general handling of grain, and the operation of government elevators. Up to the present I have heard no complaint with respect to the administration of the Canada Grain Act; nor have I heard any complaint with regard to the way in which the wheat board, which is under the same minister, has carried out government policy. I think most of those who have followed the situation closely will agree that during the last two years, and particularly during the last year, the wheat board has done a splendid job under most difficult circumstances. In bringing down this estimate the minister has permitted a discussion of both the Canada Grain Act under the board of grain commissioners and the operation of the Canadian wheat board. Perhaps that is all to the good, since these matters are pretty well correlated, and we can obtain information as to both the administrative and the marketing ends at the same time.

Now that the mystery surrounding the shipment of wheat from Vancouver to north China has been cleared up, perhaps we can go ahead and deal with two or three other matters, but in this connection I think it only fair and reasonable to say that so far as this transaction was concerned, the wheat board as such was quite within its rights in what it did. As a matter of fact, if the wheat board had received an offer from anyone, suggesting a price satisfactory to them, and had not acted on that offer, they could have been criticized from the opposite point of view. I contend that the destination of the wheat

was a matter of government policy, and not a matter about which the wheat board should be concerned. The wheat board's job is to sell wheat, and it is for the government to say whether it will prevent such wheat from being shipped to certain countries.

This estimate provides an opportunity to discuss the question of the cost of handling wheat, which is a matter giving concern to a great many farmers; and, since the government has a part in the financing of the wheat, the matter concerns the government as well. I am bound to say that there is a general feeling in the country that in comparison with the value of the product, the handling charges are too high. I am not going to make the statement that they can and must be reduced. In a recent publication issued by the Department of Trade and Commerce I saw a statement of the cost of handling grain through the elevators in the Argentine. I am not going to refer to those costs, because I do not know the services rendered by the grain companies of the Argentine compared with the services rendered by our own companies. The grain companies are under certain definite obligations with regard to guaranteeing weight and grade, and as to financial responsibility; and from the statement concerning the Argentine I do not know that the same conditions apply there.

I think it should be pointed out that it is the job of the wheat board to market wheat, and in consequence the board is obliged to provide facilities for handling that wheat. Up to the present time the board in its wisdom has decided to use existing facilities and to make agreements with the elevator companies for the handling of the grain. This practice has been followed since the wheat board has been in operation. Therefore the matter comes down to a question of the sort of deal the wheat board can make with the elevator companies. I think it is safe to assume that the board has endeavoured at all times to make the best possible deal, because it would be entirely in its own interests, in the interests of the government and in the interests of those marketing the grain, that it should do so.

In connection with the rates for handling grain there is another feature which perhaps a good many people have overlooked. The board of grain commissioners, which administers the Canada Grain Act, each year holds a public session at which the handling charges for grain are reviewed, and at which anyone interested can attend and make representations with respect to any particular costs or charges made in connection with grain. At these meetings, of course, the trade is always represented; the wheat pools are always represented, and I suppose the milling interests and others concerned with the marketing of grain are represented as well. I happen to know that at the meeting held last year every grain company represented pressed strongly for the continuation of the prevailing rate for the storage of grain.

Mr. HANSON (York-Sunbury): That was one-thirtieth cent?

Mr. WEIR: It was one-thirtieth of a cent a bushel a day. The only protest against that charge was made by members from western Canada supporting this government. We made representations against continuing the same storage charge, and the result of those representations may be noted in the fact that the charge was reduced from one-thirtieth to one-forty-fifth of a cent a day. With all due respect to the hon. member for Qu'Appelle, while it is all very well, and quite proper, for him to discuss in this house the question of handling charges and so forth, I would suggest that he also has the right to make representations at the meeting called for that purpose by the board of grain commissioners.

One other feature in connection with the handling of grain is also of importance. A few moments ago I mentioned that the board was required to make agreements for the handling of grain and that no doubt it endeavoured to make the best deal possible. Last year, when our storage problem became so acute; when we were wondering where we were going to get storage to house the grain coming on the market, the grain trade would not commit itself to the construction of any additional storage, either temporary or permanent, unless and until it received from the government some concession with regard to taxation. In view of this circumstance, surely it must be agreed that the wheat board accomplished a great deal in its agreement with the elevator companies.

Just here I might refer to the construction of elevator annexes that has been continued this year. I think it was a mistake to continue that programme. I know that certain elevator companies went out on their own behalf in an attempt to build a quantity of additional, temporary storage space throughout the country. I do not know who was responsible for putting a check on that procedure, but I understand it has been stopped, and I believe that was a proper procedure to follow. So far as additional space is concerned, if it has to be acquired my contention is that the assistance might much more properly be given in connection with the building of granaries on the farms, or something of that kind. I believe it is only fair to say that our farmers are deserving

of a good deal more credit than has been given to them for the manner in which they housed last year's huge crop of wheat. The farmers of western Canada, who ordinarily have been accustomed to delivering their grain in the early fall months of the year, must have at some time or another held in storage on their farms upward of 200,000,000 to 225,000,000 bushels of wheat, in addition to coarse grains. No one thought there was that much storage space on the farms of western Canada. It may not have been good space—I know of houses, cellars, and all sorts of structures which were filled with grain—nevertheless it was space which could be used.

Here is another interesting point. Despite our anxiety in connection with the delivery of grain, the wheat board had available storage space in country elevators to the extent of about 50,000,000 bushels, with another 40,000,000 to 50,000,000 bushels of storage space in terminal buildings where grain could have been tucked away. Therefore had it been absolutely necessary to move some grain, that space would have been available.

Another feature which has been overlooked in connection with the handling of last year's crop is the amount of grain that was actually handled. The board, from the August to November period, took delivery of 243,000,000 bushels of wheat, in addition to coarse grains. That figure was exceeded only once in the last ten years, and that was in the year before, when a larger quantity of wheat was delivered in that fall period. I believe the wheat board is deserving of credit for the manner in which it made provision for the handling of last year's wheat crop.

Just at this point, however, I should like to refer to another feature, namely the date on which farm storage payments should be made. As I read the record, payment for farm storage by the wheat board started from November 1, last. The implied understanding of the act was that the farmer should be paid a rate of storage comparable with that paid the elevator companies. If that is so, I believe we are not being quite fair to the farmer if we are not going to begin paying storage until November 1. In my opinion it should be started at least by September 1.

I should like to refer in greater detail to the marketing of last year's crop. May I say to the minister and to the wheat board that the quota system has generally been considered satisfactory. It was the only policy which could have been carried out last fall with any degree of fairness. I have been surprised by the manner in which business men generally have looked upon this system of delivery. By and large they wish to see it continued. They believe it is a much better policy for the farmer and for their own business to have the payments on wheat spread out over the year, rather than have the lot coming in at one time.

It is true that at the beginning of the last harvest marketing period there was a good deal of apprehension as to the condition which would probably exist because of the low delivery of wheat. Let me say that I believe the policy, as it finally worked out last fall, cannot be severely criticized. Once the minister made his statement last November, that the wheat board would accept all of this year's crop during the crop year, the credit situation was entirely relieved. Any man who was credit-worthy—I shall use that expression—had little or no difficulty in securing a loan from the bank, which in turn he paid later, the storage charge being quite sufficient to pay the interest.

That relieved the situation, so far as Manitoba was concerned, and I am bound to say I have not heard any serious complaints from any area in which there was a crop. Of course where there was no crop, or a very light one, the situation was somewhat critical. The same will happen this year with respect to the 230,000,000 bushels. The government has said that it will take the wheat during the crop year. Therefore it is a gilt-edged security, and any man who wishes to borrow on his wheat may do so.

The hon. member for Qu'Appelle referred to marketing in the United States. I contend that, apart from the price factor, our policy in Canada is not greatly unlike that of the United States. We have set up an initial price. Because of the government's statement that it will take the wheat during the crop year, credit facilities with recognized lending concerns are available for those who desire or who require to borrow money to carry on their operations.

I should like to say a word respecting the grain exchange, of which mention has been made frequently. By the way, I am reminded by one of my colleagues that the amount of wheat United States farmers are able to deliver is limited, as it is in Canada. So far as the farmer or the government is concerned, I do not think it makes a particle of difference whether the grain exchange is closed or not.

Mr. QUELCH: What is the price the United States farmer gets? Is it not $1.24?

Mr. WEIR: I do not know just what it is to-day.

The CHAIRMAN: May I point out to hon. members that if they wish to ask questions they should first rise in their places. It is against the rules for an hon. member to ask a question while remaining seated.

Mr. WEIR: I was going to refer to the matter of the closing of the Winnipeg grain exchange. As I said earlier, I do not think it makes any difference whether it is closed or not. So far as this country is concerned, it might as well be closed. However, as pointed out by the hon. member for Wood Mountain, we would still have the problem of marketing our coarse grains, and some machinery is necessary for that purpose. Why should we concern ourselves about a matter of this kind when practically the only purchaser of wheat we have requests that the exchange remain open? It is not doing us any harm, and therefore let us forget about any talk of closing it.

I should like to refer to another matter discussed this afternoon by hon. members, namely, the policy of the government respecting the marketing of this year's crop. The government has declared that it will take only 230,000,000 bushels. I wish to endorse the suggestion made by hon. members this evening, that all earnings acquired by this wheat be credited to that 230,000,000 bushels. If the supposition of the hon. member for Qu'Appelle is correct, and if the wheat has been sold to Great Britain at either a slightly or a substantially higher price than the initial payment of the board, then that money should be earmarked for this 230,000,000 bushels. Likewise the processing tax levied on wheat consumed in this country should receive similar treatment. I hope the minister will not overlook this factor, and will see that representations are made to the government at the proper time and in the proper place.

For a few moments I should like to refer to the regulations recently passed by order in council concerning the operations of the wheat board. I refer particularly to regulation No. 17 which, as I interpret it, sets out that the landlord shall be entitled to his share of the crop delivered. If a man is renting a farm, my interpretation of this regulation is that the board is under some obligation to see that the landlord gets his one-third. I think this is entirely unnecessary, and it will cause a great deal of trouble and misunderstanding. I would say to the board that they might better get rid of that regulation and let each individual look after his own affairs according to the agreement arrived at between landlord and tenant. Regulation No. 22 deals with the description of land, and it reads:

> No person shall apply or deliver any grain on his quotas from any land other than that described in his permit. Such description shall be a correct representation of the lands owned, rented or otherwise held and farmed by the producer taking the declaration, and the producer shall ascertain that no other person entitled to proceeds of the farm has taken out a permit for such lands.

That is putting too heavy a responsibility upon the individual. After all, the wheat board has a job to do, and it should be its responsibility to see that there is no duplication of certificates.

Regulation No. 28 has to do with a man shipping grain over the platform. As I understand this regulation, a man who ships a carload of grain over the platform is obliged to forward his permit with the car to the wheat board. Having sent in that permit, he cannot deliver any more grain until he gets it back. Surely there is a difficulty there that should be recognized. A man may have a large acreage and be threshing upwards of a carload of wheat a day. He could not afford to stop and wait until his permit came back after being sent into Winnipeg. I just wanted to point out these features with respect to the regulations. I think they deserve further consideration, particularly the one with respect to the landlord and tenant shares.

Some days ago an announcement was made with respect to a proposed wheat conference to be called by the United States, to which Canada would be invited. I should like to advance this thought to the government. Having regard to the particular interest of western Canada in the marketing of wheat, I think consideration should be given to having representatives of our provincial governments attend the conference. After all, those provinces are most vitally concerned, and in my judgment it would be to the government's advantage to see that they are made conversant with any undertaking that may be proceeded with in a conference of this kind.

I come now to a matter which I have discussed briefly in this house on other occasions, namely, the finding of new industrial uses for wheat and other agricultural products. A report has recently been published setting out the far-reaching accomplishments in this regard. I think the time is coming when we must face the possibility of utilizing wheat for other purposes. This report is entitled, "Industrial Utilization of Farm Products" and is published by the North-West line elevators' association. I commend a reading of it to hon. members. At this time we are

considering whether we shall be able to continue with the unrestricted use of gasoline. If certain of our farm products could be turned into industrial alcohol, this would relieve the other situation to a certain extent. There is a wide field of inquiry which could be carried on, not only in western Canada but throughout all Canada Ways should be found of utilizing to better advantage the product of this great industry whose future is in jeopardy on account of conditions that exist.

I do not know whose job it would be to undertake something of this kind. The minister has under his control the national research council, the board of grain commissioners and the wheat board. Any or all of these bodies should be encouraged or advised to take up this work. I suppose it will be said that the wheat board as such has a job to do in connection with the mechanics of the marketing of wheat. The board of grain commissioners is responsible for the administration of the Canada Grain Act as it affects not only the actions of the wheat board, but the grain trade as a whole. Perhaps we could load an additional responsibility upon the board of grain commissioners; perhaps we could delegate to them the job of attempting to find new markets for wheat. We should be exploring all opportunities of trade so far as it is humanly possible to do so.

In connection with the problem of wheat we have the board of grain commissioners; we have the Canadian wheat board; we have the Prairie Farm Rehabilitation Act; we have the Prairie Farm Assistance Act, and now we have the reduction programme. I think the country expects, and I feel sure our farmers expect that the services of these various organizations, all designed fundamentally for the same thing, should be utilized in the closest cooperation and collaboration. If there is any way of bringing these groups together so that they may all work toward the same end, it is most desirable that this should be done.

Finally, I come back to what I said earlier. The duty of the wheat board is to market our wheat, and we hope they will make as good an arrangement with the elevator companies and other interests for the handling of the grain as it is possible to make. We hope they will be able to get the costs of that job down to as reasonable a figure as possible.

I repeat that I think farm storage should be paid as from September 1 instead of from November 1. I repeat that the full amount realized from the sale of this year's crop should be credited to the amount of wheat that the wheat board is going to take this year. I contend that the wheat board and the board of grain commissioners should continue unrelenting efforts to find new markets for our wheat as well as to study new industrial uses for wheat and other farm products.

Mr. QUELCH: When I spoke last Friday night it was just a few minutes before eleven o'clock, and therefore my remarks were brief. I shall be brief again to-night because there has already been quite a full discussion regarding the whole question of the marketing of wheat. I should, however, like to make reference again to-night to the question of our exports of wheat and to one or two sections in order in council P.C. 3849. The hon. member for Macdonald, when he spoke just now, said that we should not criticize the wheat board with regard to the shipment of wheat to Japan. I agree. The government must take full responsibility for that action because it is a question of government policy. This morning I, along with some other hon. members, received a couple of extracts from the Calgary *Herald* of June 6, and in these extracts the question was asked whether or not the wheat being shipped to Japan was going to Germany. Up to the present time we have received no answer from the government that is in any way satisfactory. The bald fact is that at the present time we are shipping a certain amount of wheat to Japan, and according to the Ottawa *Citizen,* Japan is shipping 150,000 tons of food a day to Germany. Therefore I think we can take it for granted that a certain amount of this wheat shipped from Canada is undoubtedly going to Germany to-day.

In addition, we find that in March of this year the United States shipped 1,000,000 barrels of crude petroleum to Japan, and last year, 11,500,000 barrels. It also shipped to Japan 230,000,000 pounds of copper. But are we in a position to criticize the United States for that action? The United States is not at war. We are. Yet we to-day are shipping wheat, indirectly I would say, to Germany. Just so long as we continue to take action of that kind, I do not consider that we are in a sound position to ask the people to make a supreme effort in this war.

The Calgary *Herald* suggests that our policy to-day towards Japan is an appeasement policy. Well, we had an appeasement policy towards Germany from 1935 to 1939, and look at the mess it landed us in! In my opinion the position is nothing more or less than a form of blackmail, and the more you give in to blackmail, the more you are blackmailed. I would say that these demands upon us by Japan will increase the more we give in to

them, and the more we ship, the more we shall have to ship. Eventually war will come, and Japan will be in just that much better position to fight against us than she is to-day.

I wish to refer to order in council P.C. 3849, section 17. I referred to it on Friday night, but I will just read part of the section again:

> Whenever a quota of the grain produced on any land becomes deliverable, any producer entitled to a definite share of the crop as landlord, vendor or mortgagee, shall be entitled to have delivered in his name a share of such quota proportionate to such person's said interest in the grain, and shall have equal rights of delivery accorded to producers under the act. . . .

I pointed out that under that section of the order in council the farmer can be compelled out of the first quota of five bushels to deliver a certain percentage to the mortgage company or to the landlord, as the case may be. The question was asked, whether I was not aware that the provincial government last year stepped in to safeguard the first five bushels to the farmer. But at that time this order in council had not been passed. Had it been passed, the provincial government would not have been able to take that action. Now, with this order in council in force, the provincial government will not be able to take the same action this year that it took last year, and the result will be that the farmer will be compelled to split up that first quota. Therefore I would suggest that if you want to leave this section in—and the hon. member for Moose Jaw pointed out why it was necessary perhaps to have a section of this kind in the order in council—we should add a subsection at the end of section 17 with words to this effect: "Notwithstanding anything contained in the preceding section the provincial governments shall have the right to determine how much, if any, of the first five bushels delivered by the farmer shall be delivered to parties entitled to a definite share of the crop." I think that would take care of the situation. The section would still be left in there to make sure that the farmer would deliver a certain portion of the whole quota to the mortgage company or to the landlord; and if that section were not in there, the farmer could sell his whole quota and take the whole proceeds, and then tell the mortgage company or the landlord that his wheat was in the granary. That is, I presume, the reason why that section is there.

There is a question I wish to ask the minister. He is not here at the moment, but I will put my question and his advisers sitting before him will perhaps refer it to him on his return to the chamber. I understand that the definition of 1940 wheat acreage is the same for the sale of wheat as it is under the summer-fallow bonus plan; that is, as defined under P.C. 3231. That being the situation, I cannot quite understand the wheat board's ruling to-day. Let me explain. I had a letter from a farmer the other day to the effect that he had 245 acres under cultivation. He had fifty acres of wheat last year, and fifty acres of wheat in 1939, and he asked me how much wheat he could sow in 1941. I stated that if he had fifty acres in 1940, and fifty acres in 1939, the amount of wheat he could sell this year would be based on sixty-five per cent of fifty. At the same time he had written to the Minister of Agriculture, and the Minister of Agriculture had told him to write to the wheat board. He wrote to the wheat board, and the wheat board told him that he could sell wheat from the whole fifty acres; that it would not be sixty-five per cent of the fifty. I cannot find in the order in council anything supporting that view. According to the order in council he could only sell wheat produced off sixty-five per cent of the fifty. Can the minister explain how the wheat board arrived at that decision? I am not quarrelling with it at all because, when a man has only fifty acres of wheat, I think he should be allowed to sell the fifty. I was just wondering how the board had that amount of latitude. If a farmer had seventy acres in wheat could he sell the full seventy instead of sixty-five per cent of the seventy; or if he had eighty acres in wheat, would he be able to sell wheat off the full eighty or only off sixty-five per cent of the eighty? How high can the acreage go before the sixty-five per cent is applied? Can the minister answer that question? I cannot find it answered anywhere in the order in council.

Mr. MacKINNON (Edmonton West): I am very sorry, Mr. Chairman, that I was called out of the chamber for a few minutes in the midst of the remarks of my hon. friend, but I think I have caught the drift of his question. I am quite sure that circular No. 200 issued by the Canadian wheat board—

Mr. QUELCH: What order in council is that?

Mr. MacKINNON (Edmonton West): It is a circular issued to the trade by the Canadian wheat board.

Mr. QUELCH: Does that set aside order in council P.C. 3231 which defines the 1940 wheat acreage? I understand that that is the last order in council defining wheat acreage in 1940, and it certainly does not give any latitude of that kind. I want it understood that I am not objecting to that ruling,

but I am wondering under what section in the regulations the board obtains these discretionary powers.

Mr. MacKINNON (Edmonton West): These instructions are issued under the authority of the Canadian wheat board, the regulations being determined by them under which the quota deliveries will be set. It has nothing to do with order in council P.C. 3231. They are the regulations setting out the procedure in the handling of the wheat crop of this year.

Mr. QUELCH: Am I to understand, then, that the 1940 wheat acreage as defined under the regulations of the Department of Agriculture is different from that as defined under the regulations of the Department of Trade and Commerce? You have two different terms, apparently, for wheat acreage, one by the Department of Agriculture and one by the Department of Trade and Commerce.

Mr. MacKINNON (Edmonton West): It has been suggested, Mr. Chairman, that I place on *Hansard*, circular No. 195 of the Canadian Wheat Board:

The Canadian wheat board to-day made the following announcement:

On April 15 the Canadian wheat board issued a statement to the effect that the dominion government had authorized the board to restrict wheat marketings in 1941-42 to a total of 230 million bushels, which means about 223 million bushels for the western provinces. Wheat producers in the western provinces will be permitted to base their deliveries of wheat in 1941-42 on 65 per cent of their 1940 wheat acreage. This restriction will also apply to certain regions of British Columbia, such as the Peace River district, Creston, Wynndel, Vanderhoof, Armstrong and Kamloops.

In connection with implementing this policy, the Canadian wheat board announces the following decisions of special interest to wheat producers throughout the western provinces.

1. Producers who seeded no wheat in 1940.

There are some farmers in the western provinces who, for one reason or another, did not seed any wheat in 1940 and therefore did not have 1940-41 delivery permits. Such farmers who desire to seed and deliver wheat in 1941 should make application to the board at their earliest convenience. Their cases will be considered, and if warranted, delivery quotas will be arranged for 1941-42. All applications must be made to the board prior to May 31, 1941.

That date has now been extended to the end of June.

In his application the producer should give the legal description of his land and state his total farm acreage, the number of acres in coarse grains, summer-fallow, etc., and the delivery point to be used in 1941-42.

2. Producers who seeded an abnormally small proportion of their land to wheat in 1940.

There are some individual farmers who in 1940 had, for one reason or another, abnormally small wheat acreages. In these cases the Canadian wheat board will, on application of the producers concerned, review their wheat acreage position before establishing their delivery quotas for 1941-42. In making such an application each wheat producer must show that his 1940 acreage was substantially lower than his wheat acreage in 1939, and lower than the acreage which he usually sows to wheat. These applications for a review of 1940 wheat acreages must be in the hands of the board as soon as possible, and no applications will be received after May 31, 1941. Upon receipt of application, forms will be mailed to the producer upon which his case can be stated.

That date also has been extended to June 30.

Mr. QUELCH: I believe that that statement is already on *Hansard*.

Mr. MacKINNON (Edmonton West): I do not think it is. The other statement, No. 200, is, I believe, on *Hansard*.

Mr. NICHOLSON: I believe it is in *Hansard* of May 2.

Mr. MacKINNON (Edmonton West):

3. Producers who seeded an abnormally large proportion of their land to wheat in 1940.

An examination of 1940 permits issued by the Canadian wheat board shows that in most districts throughout the west, a few producers had abnormally high wheat acreages in 1940, compared with their total farm acreage. In so far as these wheat acreages are substantially higher than usual for the farms concerned, the Canadian wheat board will, in establishing 1941-42 delivery quotas for these farmers, make such adjustments in their 1940 acreage figures as will bring them into line with their usual practice and into line with their district as a whole. This means that wheat producers who unduly expanded their wheat acreage in 1940 will have their 1941-42 delivery quotas established on the basis of wheat produced on 65 per cent of their usual wheat acreage, and in arriving at the adjustment which will be made in these exceptionally large wheat acreages in 1940, the board will consider the practice of the other farms in the district, as reported to us.

As an example, a relatively few farmers in the western provinces had over 90 per cent of their total farm area in wheat in 1940. It would be obviously unfair to the great majority of wheat producers to extend delivery quotas to these few farmers based upon wheat produced on 65 per cent of 1940 acreages. In these cases delivery quotas in 1941-42 will be based upon 65 per cent of their usual wheat acreage and the average percentage of the farm land sown to wheat in 1940 in the district concerned.

The Canadian wheat board has adopted the foregoing policies in respect to the basis of 1941-42 wheat quotas in the interests of a fair distribution of quotas among wheat producers in 1941-42. The object is to adjust some of the wide variations from usual practice that occurred in 1940 wheat seeding.

Mr. PERLEY: What date is that?

Mr. MacKINNON (Edmonton West): That is April 28, 1941.

Mr. QUELCH: These regulations do not change the case to which I referred. They state that where there is a large difference between the 1939 and 1940 acreages, a change can be made. But I cited a case where the acreages in 1940 and 1939 were approximately the same, but in both cases they were only a very small percentage of the total cultivated acreage. Under order in council P.C. 3231, as I understand it, there will be no way of allowing that man to increase his wheat acreage. I believe that was referred to by the Minister of Agriculture, who pointed out that it was not the desire to have wheat acreage increased, and that if in the past the farmer had been sowing only a small amount of wheat, it was not intended to allow him to sow a greater amount. In this case the man wrote to me and he wrote to the Minister of Agriculture. The minister referred him to the wheat board. I interpreted the act to him, and I got a letter back from him telling me that the wheat board had interpreted it much more generously than I had.

Mr. GARDINER: The regulations, you mean.

Mr. QUELCH: The regulations, yes. I interpreted them as they are. The wheat board, apparently, introduced a new idea, an idea which I think should be there. I believe that the wheat board and the Minister of Agriculture should have the power to allow the man to increase his wheat acreage where the amount in crop in 1939 and 1940 was only a small percentage of the total cultivated acreage. There is, however, nothing in the regulations that allows for that to be done, and I am still wondering how the wheat board were able to do it.

Mr. MacKINNON (Edmonton West): If the hon. gentleman will give me the name of the farmer and the particulars, I shall be glad to have the wheat board go into the matter and deal with it and advise.

Mr. QUELCH: That is not the point. The wheat board did give a good interpretation; they allowed the man to sow the full acreage. But what I want to know is, what is to be the policy in the future? Are farmers who in 1939 and 1940 sowed only a small percentage of their cultivated acreage to wheat to be allowed to sow the same amount, or to sow or market only 65 per cent? I would suggest that it might be a good thing to introduce an amendment so that the same amount could be sowed. Apparently the wheat board are doing it.

Mr. GARDINER: No.

[Mr. J. A. MacKinnon.]

Mr. QUELCH: In this case they are, because I have a letter from the man saying that the wheat board told him he could sow the whole. His name is Othen of Benton Station, Alberta. He wrote to the Minister of Agriculture, and the Minister of Agriculture referred him to the wheat board; then I got a letter back a few days later telling me I was not interpreting the act in as liberal a way as the wheat board. I am interpreting it as it is, not as I should like it to be.

Mr. MacKINNON (Edmonton West): What are that man's initials?

Mr. QUELCH: I do not know, but he is the only Othen there.

Mr. JOHNSTON (Bow River): Would the minister say that the regulations would apply always?

Mr. MacKINNON (Edmonton West): There are cases where the wheat board uses its discretion in the particular circumstances.

Mr. QUELCH: That is, they are not bound definitely by the regulations?

Mr. MacKINNON (Edmonton West): No.

Mr. QUELCH: That is what I said the other day. I had three orders in council, thought I was up to date, and then I found that another had been passed. Now we find that even though we have all the orders in council we are not up to date, that the board are changing the regulations, so that members of parliament cannot be in a position to go out and tell the farmers what has actually been done. It is not a pleasant thing to give an answer and then be shown a letter from the wheat board saying that you are wrong, when you know you are right. In this case I am not criticizing the wheat board for their interpretation, but I say that the regulations should be changed to give the wheat board full power to do that without going outside the regulations.

Mr. WRIGHT: The argument which has just taken place bears out the contention we made earlier in the session that these matters should have been placed before a committee of the house and the regulations threshed out and brought back to the house in some kind of permanent form so that they could be explained to the people. These regulations came down before the Easter recess; we had two sets of regulations; we went home for the Easter recess and were asked to explain these regulations to the farmers. We did explain them as they were at that time; we came back, and immediately on reaching here we found that a new set of regulations had been issued which changed in some respects

those we had before. It leaves hon. members in an awkward position and does not make a good impression in the country as to our ability here when we go home and tell our people a certain thing and a few days later find these regulations changed. A committee of the house should have been set up, composed of members from agricultural constituencies who understand these matters, and the regulations should have been thoroughly discussed before being given publicity. That would save a great deal of confusion in the country.

One of the greatest difficulties with the farmers in the west is that they do not understand what is taking place; neither the government nor the wheat board has taken the trouble to explain these matters to them.

This afternoon the hon. member for Wood Mountain propounded something which I never heard before, that it is the grain companies who were opposed to the grain exchange. I have been in western Canada for many years; I have attended the meetings of farm organizations for years, and they have been passing resolutions asking for the abolition of the grain exchange. I never heard of the grain companies passing resolutions to that effect. But if the grain exchange is necessary at this time—and the wheat board evidently believe it is or they would not be keeping it in operation—then I think the wheat board should give an explanation to the farmers of the west as to why it is necessary.

When a farmer delivers a thousand bushels of wheat to the elevator company, he is paid for it. The elevator company put it in store; they may deliver it to the wheat board in the course of a few days or, it may be, a few months. In the meantime they pay insurance on it, and when they deliver it to the wheat board they are paid for it by the wheat board plus 4½ per cent interest for the time their money has been in use. Then the wheat belongs to the wheat board. Up to that point it has not touched the grain exchange; the handling companies to-day do not use the grain exchange. I think that is correct?

Mr. MacKINNON (Edmonton West): That is correct.

Mr. WRIGHT: From then on, the wheat board should give an explanation to the farmers of western Canada as to what happens to that wheat. The farmer in western Canada understands that that wheat is sold by the wheat board to the import board in the old country. It is sold in the form of futures. Then, in order to have that wheat moved to the seaboard, it is necessary for the export companies to buy that grain from the wheat board through the grain exchange in order finally to deliver it to the importers in Great Britain.

If a full explanation were given of the exact procedure in that matter, it might clear up a great deal of difficulty in the minds of the farmers of western Canada. Until that is done, until they understand the exact procedure, they are going to be suspicious of what is taking place. I believe the government would be well advised to do that.

With regard to the marketing of coarse grains, they are to-day marketed through the grain exchange. The farmers of western Canada received last year in November and December an average of 31 cents for oats and 42 cents for barley. This spring in April and May those grains were selling at 38 cents for oats and about 53 cents for barley. On barley that is a difference of 11 cents, which is more than the carrying charges. Immediately there is suspicion in the mind of the farmer that someone is making money out of his grain, and until the wheat board come out and show the farmer exactly what is taking place, that suspicion will remain. At this time, when it is necessary in Canada to have a 100 per cent war effort and to keep people in the right frame of mind, it would be a good thing if that suspicion in the minds of western farmers could be removed. It is going to be difficult to do; a real explanation will have to be given, because the firm belief in the minds of, I think, 75 to 85 per cent of the farmers of western Canada is that the grain exchange is making money out of them.

The hon. member for Wood Mountain produced a certificate showing that the grain exchange made an extra two or three cents a bushel on certain grades, and on some grades as much as five to seven cents at this time. I can assure him, however, that even if that is so, the suspicion is still in the minds of the western farmers that the grain exchange is there at their expense, and their expense only; and if the board can justify the use of the grain exchange at this time, they should do so, and remove that suspicion.

I take particular exception to one of the regulations issued by the Minister of Trade and Commerce in connection with the marketing of grain; that is section 17, which reads:

> Whenever a quota of the grain produced on any land becomes deliverable, any producer entitled to a definite share of the crop as landlord, vendor or mortgagee, shall be entitled to have delivered in his name a share of such quota proportionate to such person's said interest in the grain, and shall have equal rights of delivery accorded to producers under the act, and for such purpose the permit holder shall

make the permit available, but the enforcement of this provision shall be the direct concern and responsibility of the interested parties themselves and no legal obligation shall devolve on the board in respect thereto.

This fall we are going to have a limited area from which we can deliver grain. Last fall we could deliver from whatever area we had in crop at the time, and even last year a great many farmers found it difficult to finance. This year they are going to be forced by this regulation to deliver one-third of the crop, in most instances, to the mortgagee or landlord. This is going to make it difficult for them to pay their expenses. Last year, and I think again this year, the provincial legislature required the farmer to pay his threshing bill, his taxes, his seed grain, and so forth; to keep enough to put in the crop next spring, and enough to provide for his family until next year. He cannot possibly do that under the terms of this order in council; and, since this has been passed under the War Measures Act, I suppose it will supersede provincial legislation. In that event, I do not know just what will be the position this fall of the average farmer in Saskatchewan, and I believe the minister should give serious consideration to withdrawing this requirement before deliveries commence. I agree that the landlord is justified in expecting a share of the crop, but I think he might very well wait at least until after the first delivery has been made, because the farmer will require all the proceeds from that delivery to meet his expenses.

I also believe we should have some regulation with regard to the price of coarse grains this fall. I quoted figures a few minutes ago to show how prices of oats and barley had increased between last fall and this spring. This year, with a larger acreage in coarse grains, the market will be even more depressed than it was last fall; and unless the government steps in and does something with regard to a minimum price for these grains, the farmer will find himself unable to market enough wheat to pay his operating expenses. If he markets these coarse grains, it will be on a glutted market, and he will obtain a price which in many instances will not meet the cost of harvesting and threshing. Therefore I believe the minister should give serious consideration to the establishment of a minimum price on coarse grains this fall. Certainly the price of 70 cents a bushel for wheat this year is not going to give the farmer anything on which to come and go.

The hon. member for Wood Mountain has shown that we can obtain 95 cents for our wheat this fall, I think he said, if we follow the wishes of the Minister of Agriculture. While that may be so in some exceptional cases, I am sure that will not be generally the case in western Canada. Take a man who had 150 acres in wheat last year. This year, according to the regulations, he will be able to market wheat from only 100 acres, and from that 100 acres he will be able to market only an average of twelve bushels to the acre. That will give him 1,200 bushels which, at 50 cents a bushel, will give him a cash return of $600. If he is in a fairly good section of Saskatchewan, he can grow that 1,200 bushels of wheat on perhaps forty acres, at thirty bushels to the acre. That will leave him 110 acres for summer-fallow which, at $4 an acre, will give him a bonus of $440, making a total return of $1,040 for his wheat. That works out at 86 or 87 cents a bushel. Last year he threshed 4,500 bushels of wheat on his 150 acres, which he sold at 50 cents a bushel, giving him an income of $2,250. This year his income will be reduced to $1,040, and in order to obtain that sum of money he will have to summer-fallow an additional 110 acres. Therefore, when we say he is obtaining 85 cents a bushel for his wheat, we are not telling the whole story. The fact is that his expenses are going to eat up a very large part of that 85 cents. For the thirty-two years from 1908 to 1939 inclusive, the price of wheat to the western farmer has averaged 90 cents a bushel at point of delivery. We have now reduced that figure to 50 cents a bushel, which is entirely inadequate to meet his requirements.

This morning, in speaking on the defence of Canada regulations, the hon. member for St. Lawrence-St. George told us what he said his party believed were some of the post-war aims of the country. Among those aims was the establishment of better prices for agricultural products. If that is the policy of the government, they should set an example now by giving better prices. The people will have much more confidence in what the government will do after the war if they take a step in this direction now. The government of the United States has done something along this line; and while we may not be able to go as far as they have gone, still I think we should at least make some move in that direction, in order to show the people of western Canada and the farmers of this country generally that we believe in, and are willing to act on, what we are talking about.

Mr. CHURCH: This item provides $104,648.50 for the administration of the Canada Grain Act. We have had some sixteen or seventeen inquiries into the production and marketing of grain, and when the grain board was appointed it was said that there would be no more politics in the administration of this great asset. We had an opportunity, both before and after the war

started, to do something in this matter. I suggested in the house in 1937 and 1938 that the government should establish food reservoirs and grain reservoirs in England. I suggested that the surplus crop carryover of one or two years should be moved to England and stored there for emergency purposes. However, my suggestion was not acted upon. The result is that war is now upon us, and the wheat remains in our own country, a glut upon the world's market.

Three years ago I urged upon the government that it should confer with the then secretary of agriculture in the United States, Hon. H. A. Wallace, as to the orderly marketing of grain on this continent and adopt a war policy. While there was not an actual war at that time, it was well known that it was coming and that the grain situation in this country and the world over was in a most precarious condition.

I would point out that I supported my leader's bill in 1935 for the nationalization of grain. It is a great pity that that measure was not passed as it was drafted, and in the form in which it received first and second readings. When it returned from committee one could scarcely recognize it. One of the main necessities in the creation of the wheat board was to get rid of the middleman. He flourishes now just as ever, like the green bay tree, both on the prairies and elsewhere.

Everyone in Canada is interested in the grain trade. We are concerned with the future of that great industry, and we are interested in those people who are the dirt farmers and who have had a very hard time of it. However, it is the middleman who has caused all the trouble, and he is still doing business at his old stand. One of the things which should be done immediately is the closing of the Winnipeg grain exchange, and the elimination of dealing in futures. What is the use in dealing with futures on the grain exchange when we know nothing of the future of our country, or the war, or the outcome of it, or to whom Canada may in the end belong. The war is our first concern.

In connection with one of the votes we discussed grain for about three weeks; it is again under discussion in a new form, under this vote, and much the same ground is again being gone over. Although realizing that hon. members to my left are keenly interested in the subject, I would point out that there are other important matters. If Hitler comes, there will be no grain board. He will take the grain, and everything else, and that will be the end of this country. What are we doing about it? The people of Canada are not yet wide awake to the grave dangers we are now facing on the Atlantic, and in other theatres of war, and more time should be given as to where we now stand.

Since November 20 of last year I have been endeavouring to have two small matters attended to, namely soldiers' insurance and railway fares. Yet this house has never given it a minute or a thought while we look for recruits. We do not seem to be able to get a minute of time to discuss those problems. Instead of a Hitler war, one would think it was a grain war in which Canada is now engaged. Certainly the government of the day has a difficult problem on its hands, and its manner of handling it has not been altogether successful. The first thing the grain board must do is to get rid of the middleman. Then they must close up the grain exchange at Winnipeg, stop all trading in futures and take over most of the elevators with huge profits. There should be an endeavour to arrange with Washington the orderly marketing of wheat, and we must find a solution of not only production but marketing.

Efforts along that line have been made in the United States. We had a chance to bring about provisions for orderly marketing with them two years ago, but I am afraid we have been too late, as has occurred so often. I cannot understand why the grain board is not alive to the situation, and how it would not be aware that grain is going to alien enemies. In May, 1940, I received a return in the house showing the amount of pig iron, scrap iron, nickel, copper and other base metals which went to Germany, Japan, Italy, and yet another potential enemy country. The amounts involved were very large, and showed we were aiding the axis powers both directly and indirectly.

Germany managed to acquire an Atlantic fleet, something which she never had before, as a result of this and of the United States Neutrality Act, with the result that the grain trade was starved for lack of shipping space. I protest against permitting grain shipments to go to Japan through China, because we know Japan will get the whole of it and China nothing, just as unoccupied France had its food stolen by Germany. Certainly drastic action is needed to prevent our grain from reaching Japan. I might, in passing, refer to an article which appeared in a great newspaper called *France*. This article appeared on January 8, 1941, and while I shall not read it I might point out that it describes what happened to food which was intended for unoccupied France. The article describes

how 262 trainloads of food intended for unoccupied France, passed right through to Berlin. The same thing happens to grain which is supposed to go to China, but which passes through to Japan. The Chinese will never see it. Why does Canada do these things while our Victory loan campaign is on?

I believe the country should take a stand on this question. Are we to have no control over shipments of grain to axis powers as we had none over our scrap iron and pig iron? The farmers on the prairies will never get any relief so long as the wheat problem is in politics. It has been in politics as long as I have known it. Since confederation, matters connected with wheat have been inquired into seventeen times by boards, and since I have been in this chamber there have been twelve such inquiries. Yet the grain grower has yet to get the best of it, or fair play.

The people of this country will wake up one day when they find out that the real debates among the people's representatives in the House of Commons are being conducted in secret with no reports. They will have something to say not only about publicity handed out by government agencies and publicity boards but about the stand taken by some of the newspapers. I know of one great newspaper which spent about $35,000 to investigate the grain industry in 1923, 1924 and 1925. The result was that they brought about some reforms in the wheat situation and the export of hard wheat, and their efforts led to the Turgeon commission.

The people in the prairie provinces have been fooled for a great many years. They have been told that the wheat growing industry was a north and south free trade industry rather than an east and west industry, one which would serve the markets of the world. The result has been that they have allowed the middleman to take much more than his share. I know the government has a difficult proposition on its hands. I must, however, point out that while the House of Commons is willing to take four weeks to discuss grain problems, an hon. member cannot get four hours to discuss the war. Is this a Hitler war or a grain war? So far as I can see, it is the former.

Mr. NICHOLSON: I cannot permit this item to pass without making a few observations. I realize that hon. members representing agricultural constituencies have occupied a good deal of the time of the committee, but, judging by our accomplishments in debate, I think we might have saved ourselves the effort. A short time ago the Minister of Finance made certain changes which cost the treasury of Canada about $10,000,000. He made those changes without protest from any hon. members. However, although hon. members representing agricultural constituencies have time and again appealed to the ministers concerned to give more favourable consideration to agriculture, our appeals seem to have fallen on deaf ears.

I listened this evening to the hon. member for Wood Mountain. His observations would leave the impression that he was an excellent medical doctor, but would not convince one that he is a mathematician or that he derives his livelihood from the sale of wheat. I rather expected he would proceed to include the indemnity he will receive this year, and then make the computation that in selling a thousand bushels of wheat, and including his $4,000 indemnity, he would be receiving $5 a bushel for his wheat. If all farmers could include other items of income we would no doubt have a different picture. The fact remains, however, that the price to the farmer is 50 cents a bushel for the average grade at the average shipping point. I suggest that it is not fair to include payments the farmer will receive this year for wheat he is not going to grow, or to include in his income payments available under the Prairie Farm Assistance Act. That is a fund to which contributions are made by the farmer as a result of having 1 per cent deducted from his grain cheques. The price the average farmer is still receiving is 50 cents a bushel for average grades at average shipping points.

As the hon. member for Melfort pointed out, this price is quite inadequate, having consideration for the cost of living and the amount of money available in other quarters in Canada. Two years ago the question of finding more money for agriculture was one which a great many people might have been worried about; but we are now spending possibly over $4,000,000 a day on our war effort, and there is no reason under the sun why we could not spend an additional amount each day to see that those engaged in the important war effort of producing food should receive their cost of production. It was the Minister of Munitions and Supply (Mr. Howe) who said some time ago that it was not conceivable that people should be asked to produce at a loss. If it is not conceivable that men in industry should be asked to produce at a loss, it should follow that those engaged in producing food should not be asked to produce at a loss.

This vote provides $104,000, and the first item under it is the chief commissioner, Canada Grain Act, $12,000. Then there are two commissioners at $10,000 each and four assistant commissioners at $7,500 each. I have no doubt that these men are well qualified in

their respective fields, but an industry which is paying to its primary producers only 50 cents a bushel has no business paying to those who are administering some phases of the industry salaries ranging from $7,500 to $12,000. If those who are responsible for formulating agricultural policy had to change places with those who produce our foodstuffs and make a living from selling wheat at 50 cents a bushel with the cost of production as high as we have it at the present time, they would soon make many radical changes in the agricultural policies of Canada. Those who are advising the minister should consider finding ways and means of seeing that the initial price to the farmer for 1941 is increased above that which is proposed.

There has been a good deal of discussion regarding the Winnipeg grain exchange, and the hon. member for Wood Mountain has said that he has heard no good reason why the exchange should be closed. I suggest that he travel through that area of Winnipeg where those who have made fortunes on the grain exchange live and compare their environment with that of those who produce wheat on the farms. He would then see a good reason why the exchange should be closed. I am not at all impressed by the answer given by the minister this year as well as last that it is the desire of our customers across the ocean that this market should be kept open. I cannot see what purpose is being served that warrants this expenditure of time and labour. I am sure that the men engaged in making a living round the Winnipeg grain exchange are well trained, and I feel sure they could make a more valuable contribution to our war effort than they are now making. The time has come when every able-bodied person in Canada should be making his maximum contribution in the field where he is most needed. The operations of the grain exchange at this particular stage do not warrant the tremendous outlay of material and capital necessary to maintain that institution.

Some mention was made by the minister of the complaint of the hon. member for Rosetown-Biggar about the generous relief provided for certain brokers. My understanding of what the minister said is that they were simply carrying out the terms of the Canadian Wheat Board Act. Section 8, paragraph (i) reads:

8. It shall be the duty of the board:—

(i) in selling and disposing of wheat as by this act provided, to utilize and employ without discrimination such marketing agencies, including commission merchants, brokers, elevator men, exporters and other persons engaged in or operating facilities for the selling and handling of wheat, as the board in its discretion may determine;

(j) to offer continuously wheat for sale in the markets of the world through the established channels: Provided that the board may, if in its opinion any existing agencies are not operating satisfactorily, take such steps as it deems expedient to establish, utilize and employ its own or other marketing agencies or channels.

The question was raised by the hon. member for Wood Mountain as to the difficulty there might be in connection with the marketing of oats and barley and other coarse grains if the exchange should be closed. Section 14 of the act provides as follows:

The governor in council may approve of the provisions of this act being made applicable to oats, barley, rye or flax produced in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia, if the board recommends that such approval be given, whereupon the provisions of this act shall *mutatis mutandis* apply to such kind of grain as they apply to wheat.

The machinery is already there to look after the marketing of wheat and coarse grains in western Canada. In view of the present critical condition in agriculture the minister should not delay any longer in seeing that the suggestions made by the hon. member for Melfort and others, that the grain exchange should be closed for the duration of the war, should be carried out. I have here the minutes of the fifth annual meeting of the Canadian Federation of Agriculture. Some of this material has been drawn to the attention of the minister before, and I urge that he consider carefully the opinions of this national organization. They recommend:

That because of the restricted deliveries and in order to maintain the income of the western farm home, steps should be taken to increase the initial payment for wheat delivered in the crop year of 1941.

I am not going to suggest the price that should be fixed, except that it be a parity price. It has been said in the committee and throughout the country that farmers can get by with fairly low prices, and 40 cents a bushel has been mentioned. On large mechanized farms where the land and equipment are free from debt it has been shown that they can operate without going into further debt, but there is one important consideration that has been lost sight of. In the past many farmers operating large holdings have been able to go into the nearby towns and cities and engage seasonal labour for a few weeks. With that seasonal labour they have been able to operate combines and tractors.

The CHAIRMAN: I am sure the hon. gentleman will see how far afield he has gone from the item before the committee. The question of hiring men and operating tractors and the price of wheat has nothing to do with the item under discussion. During the greater part of the evening I have tolerated such discussion, but there has been a great deal of it

which was not relevant. But the hon. member is now much beyond any latitude allowed previous speakers.

Mr. NICHOLSON: I am not the first one who has discussed the price of wheat.

Mr. MacKINNON (Edmonton West): I think it was arranged that hon. members should have very wide latitude under this item.

The CHAIRMAN: Was the extent of the latitude defined?

Mr. MacKINNON (Edmonton West): It was very broad.

Mr. NICHOLSON: I think the understanding was that the questions which have been discussed this evening should be permissible. I do not see any items in the minister's estimates that would cover them.

The CHAIRMAN: I was not here this afternoon. So long as the minister states that there was an agreement, I am quite satisfied.

Mr. NICHOLSON: Thank you. I appreciate your ruling.

I was pointing out that farmers who have been able to operate large holdings with up-to-date equipment have been able to take advantage of cheap labour over short periods, but those who have been available to them to operate combines and tractors over a few weeks in the summer months have gone back to the cities and towns and lived on relief for the remainder of the year. The price available to the farmer for the production of his commodity should be higher to enable those engaged in farming operations to maintain a decent livelihood during the entire year. The price proposed of 70 cents a bushel, Fort William basis, was quite inadequate in peace time, and now with rising costs of production, and with farmers and others restricted so drastically, I think the minister should give immediate consideration to increasing the price of 70 cents.

I should like to draw to his attention the recommendation of the Canadian Federation of Agriculture:

> That until such time as the price of wheat reaches and is maintained at a level commensurate with the price of those things that enter into the cost of producing wheat, a processing tax of not less than fifty cents a bushel be placed on all wheat milled for domestic consumption. The revenue from such tax to be added to the aggregate price received for the wheat marketed and to be available for the purpose of increasing the initial payment to the farmer.

I know some members of the house are concerned about increasing the cost of bread. Bread is a necessity of life and should be kept down to a low figure, but the price which the farmer gets for the wheat that enters into bread is much too low when one considers the price the baker receives. The price of bread is altogether out of line with the prices of a great many other commodities that one buys in a store. I think a 50-cent processing tax for wheat used in domestic consumption is one which the minister should consider carefully.

Here is another recommendation of the Canadian Federation of Agriculture:

> It is anticipated that at the end of the current crop year all existing grain storage facilities will be filled. We believe that these surpluses of bread grains may become an important factor in our war effort and that in the meantime they should be regarded as a reserve which will ensure a constant supply of wheat to Great Britain in the event of possible crop failure in the course of the war, and also be available to meet the needs of the people of Europe when the war has been won.

This objective should not be realized entirely by the farmers themselves, because it concerns the entire people of Canada that these supplies should be carried and be available when needed by Great Britain.

The next suggestion of the Canadian Federation of Agriculture which I should like to commend to the minister is this:

> We recommend that the dominion government be asked to provide financial assistance to farmers for the construction of adequate farm storage facilities to enable the farmer to adjust his deliveries in accordance with the system outlined above.

In the United States in peace time they have given very generous assistance in providing farm storage, and what has been done in the United States in peace time should certainly be done in Canada in war time. The large payments made to elevator companies for storing the grain will amount to large sums of money during the war period, and it is only fair that the farmers should be given some of the financial assistance given to these large corporations so that the farmers can store grain on their farms. The next recommendation is:

> We recommend that the dominion government authorize the Canadian wheat board to make cash advances against that portion of the 1941 wheat crop which the farmer may deliver under the arrangement outlined above during the crop year 1941-42.

Again, in this connection, might I mention that in the United States they have made advances to the farmers on some twelve commodities which are stored on the farm. With the elevator storage facilities we are going to have available in Canada this year, the government should lose no time in announcing that a cash advance will

be made to the farmers for the grain stored on the farm. I know there are certain difficulties in administering a scheme of this sort, but I believe it will be found that the grain handling companies in the west this fall will be very glad to cooperate with the department in arranging the details of such a scheme. It will be found that deliveries to the elevator companies will be restricted and that elevator agents will have a great deal of spare time on their hands, and I would suggest to the minister that he enlist the cooperation of all the well-known grain handling concerns with a view to having them inspect the grain on the farm, determine whether the granary facilities are suitable enough, determine the grade, and then make arrangements for an advance of at least a portion of the initial price so that the farmers will be able to get some cash to meet their taxes, store bills, and other pressing obligations which they will have to meet this fall.

The hon. member for Macdonald mentioned that farmers with good credit had little difficulty in getting advances from the banks last fall. But the situation is more serious this year, and in a great many parts of western Canada the banks have pulled up stakes because branches were losing money and have gone where there is better fishing. The result is that many farmers find themselves miles and miles away from a bank, and they are quite unknown to bankers at a distance and are unable to get any line of credit. It would be very easy for the minister and his department to make arrangements with the elevator companies to inspect the granaries, which, of course, would have to be up to standard, and have them determine the grades, and the elevator companies would assume the responsibility of seeing that the terms of the agreement were carried out because they would have an interest in the delivery of the grain. Insurance would have to be provided to make sure that the government would not lose as a result of theft or destruction of the stocks of grain by fire. At any rate I would urge that the minister give careful consideration to this last recommendation which was endorsed by the Canadian Federation of Agriculture.

In conclusion, I would again urge the Minister of Trade and Commerce, in cooperation with the Minister of Agriculture, to see that money is made available in some way or another so that those who are performing a very useful service in producing the food necessary in Canada and for Great Britain are able to get the cost of production necessary to give them a decent standard of living.

Mr. PERLEY: I have one or two questions I want answered by the minister. I asked a few this afternoon, and his answers did not satisfy me. We have, however, learned something to-night. We have learned that we have a critical situation, what might be termed an emergency. We have learned that the board cannot do without the grain exchange. I am just wondering what the board will do if the grain exchange decides to close of its own accord. Just what would the board do in that event? I should like to have that question answered because it is a possibility. While the hon. member for Wood Mountain was speaking, a letter delivered by air mail was put into my hands. I have it in my pocket now, and it states that the members of the exchange are definitely anxious that it should close and they would like to have a little more information with respect to the request from Britain that they should remain open. This letter states that they are under the impression that the board had asked Britain to make that request.

Mr. GARDINER: Who writes the letter?

Mr. PERLEY: That is all right. I do not have to mention that.

Mr. GARDINER: It does not mean much unless we know who writes it.

Mr. PERLEY: Much has been said this evening with respect to the regulations. I am not going to take time to go into that now, but the minister might tell us if the last one, dated May 30, is the final one. Can we tell the farmers when we go back home that that is the one under which the board is going to operate with respect to the 1941 crop?

I wish to make this statement. There is no justification for the board to pay eight cents a year, representing the present rate per bushel, on grain stored in annexes in western Canada. We know the cost of these annexes, how they are operated, and that some of them are earning over 75 per cent on their cost and will earn it again next year; and neither this board nor this government are justified at this time, when we have a war on our hands, in paying out about $25,000,000 more for storage on the grain than they should pay. By order in council they should cut the rate, if they are going to allow these operations to continue, to not more than 2½ cents a bushel a year on grain stored in the annexes. That will save this country $21,000,000 and will not do an injustice to anybody.

I asked the minister certain questions. He has ignored them, and I want them answered.

I want to know, did he have any knowledge that certain Canadian exporters refused to

have anything to do with that deal or with any deal which would probably mean that grain would be going elsewhere than to Britain—especially, to Japan?

I want to know what brokers were used in this deal.

I want to know how much of the 575,000,000 bushels is now carried in options and how much is in cash grain?

If the minister wants to answer these questions one by one as I go along, it may facilitate getting the item through. I am going to have an answer to each one of these questions. I have asked those four to start with.

The CHAIRMAN: Shall the item carry?

Mr. PERLEY: No, it will not. I am going to have answers to those questions.

The CHAIRMAN: No hon. member can say, "I want an answer." An hon. member can put a question, and if the minister does not reply to the satisfaction of the hon. member the remedy remains in his hands; he may vote the item down if he can. But no hon. member can challenge the house or the committee by saying, "I want an answer." Also, I have already drawn the attention of the committee to the rule which prohibits tedious repetitions of the same question.

Mr. MacKINNON (Edmonton West): I think the hon. member has been repeating his questions pretty much.

Mr. PERLEY: Not at all. They have not been answered.

Mr. MacKINNON (Edmonton West): I have tried to give the answers to the best of my ability. The hon. member is now asking if I had any information regarding Canadian exporters refusing to have anything to do with a shipment of wheat which was being treated in a similar way to the wheat we have had under discussion here—for possible shipment to Japan. I have not any such information.

The hon. member asks what brokers were used. I have stated before, and repeat again, that no brokers were used in connection with that sale.

The hon. member asks how much of the supposed or the probable carryover at the end of this crop year is cash wheat and how much is under option. I am sorry I have not the information and am unable to give it at this time.

If there was another question, Mr. Chairman, I missed it.

Mr. PERLEY: I asked this afternoon a question with respect to the deal which is pending with regard to changing the July into the October future; wheat was sold for delivery on the July option and could not be delivered, owing to the facilities at Fort William being such that they could not take it. Is there a deal pending in this respect?

Mr. MacKINNON (Edmonton West): I am informed that it is considered inadvisable to give any further information on that point at this time.

Mr. PERLEY: The minister will admit that there is a deal?

Mr. MacKINNON (Edmonton West): No, no, not at all, Mr. Chairman.

The CHAIRMAN: Shall the item carry?

Mr. QUELCH: Will the minister say whether he is giving any consideration to changing section 17 so as to guarantee that the first quota for the farmer shall be protected?

Mr. MacKINNON (Edmonton West): The matter is a very difficult one, from whatever viewpoint it is regarded. I can say definitely, Mr. Chairman, that it is receiving the very serious consideration of the wheat board and the government.

Mr. QUELCH: I suggested an additional subsection to take care of that matter, as the minister will find reported in *Hansard* to-morrow.

Mr PERLEY: Does the minister intend to keep the 1941 crop absolutely separate, and not mix it with the crops of 1940 and 1939?

Mr. MacKINNON (Edmonton West): That is a matter of government policy, to which consideration is being given.

Mr. PERLEY: Will the minister tell us how much storage has been paid on grain stored in annexes, also to companies which have terminal elevators rented or leased from the government, let us say, during the last six months?

Mr. MacKINNON (Edmonton West): It is obvious that, without any notice of such questions, I could not have that information available at this time.

Mr. PERLEY: Then, is the minister prepared to state that there will be no further regulations by order in council?

Mr. MacKINNON (Edmonton West): I would not undertake to state that there would be no further regulations at all. If it is found advisable, in the interests of the wheat grower of western Canada and for the sake of equity, that there should be, the government will give the matter consideration, and, it may be, bring in further regulations.

Mr. PERLEY: One other question. Will the minister consider cutting the storage rates on grain in annexes?

Mr. MacKINNON (Edmonton West): Does the hon. member mean, at the head of the lakes?

Mr. PERLEY: No; in the country annexes.

Mr. MacKINNON (Edmonton West): It would be very easy to say that the government will give consideration to it, but I do not propose to put it off in that way. I do not think I would care to make any comment at this time on a leading question like that.

Mr. EDWARDS: May I ask one question directed to order in council P.C. 3849, section 27:

No permit shall be issued for a shipping point without a licensed country elevator.

One of the situations I was confronted with in this regard was that a number of farmers told me that there was no way in which they could make $25 or $30 more easily than to load a carload of their own wheat, thereby saving the elevator company's charges. Do I understand by this regulation that that is precluded, that a farmer cannot get a permit to load over a platform unless there is an elevator at that point? In other words, if there should happen to be a siding on my farm, I cannot have a car spotted there and load my wheat if I so desire? Is that the purport and intent of that regulation?

Mr. MacKINNON (Edmonton West): I am informed that loading over a platform is not precluded. I want to get this question answered, hoping that the item may go through. The reason why the man is signed up to an elevator point is so that the Canadian wheat board will have a record of the yield in the district.

Mr. BENCE: There is one question I want to ask regarding advances on wheat stored on the farms. It has reference to the long negotiations that took place last year between the minister and the wheat board and the elevator companies. I ask the question because the point may come up this year.

Last year the minister gave a statement to the press that the elevator companies had refused to agree to a plan for advancing loans on the security of farm-stored grain with a limited federal guarantee. What was the suggested limited federal guarantee?

Mr. MacKINNON (Edmonton West): I am sorry I do not place the hon. gentleman's reference.

Mr. BENCE: The minister will recall the prolonged negotiations which took place. He stayed in Ottawa a considerable time after the house adjourned in August, and negotiations went on between the elevator companies, the wheat board and the banks. Some kind of proposition was worked out; one, I think, was suggested by the provincial governments. Then he made the statement that the plan could not be worked out because the elevator companies refused to agree to the limited federal guarantee that was offered. I wish to find out how far the government and the wheat board had gone in the way of guaranteeing to the banks advances on wheat stored on the farms.

Mr. MacKINNON (Edmonton West): It was found on investigation that it was not necessary to give a guarantee, even limited.

Progress reported.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Tuesday, June 10, 1941.

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

SPECIAL WAR REVENUE ACT AMENDMENT—INQUIRY AS TO FURTHER LEGISLATION

On the order: Presenting reports by standing and select committees.

Hon. R. B. HANSON (Leader of the Opposition): Before this order is called I should like to direct a question to the Minister of Finance (Mr. Ilsley). In the *Votes and Proceedings*, No. 89, which has just come to hand, under the heading Notices of Motion, there is notice by the minister that he will introduce a bill to amend the Special War Revenue Act. Unquestionably this must be an emergency measure, and I am going to ask the minister if he will be good enough to introduce this bill to-day, at once, so that we may know what it is and it may be advanced.

Mr. ILSLEY: Yes.

Mr. HANSON (York-Sunbury): While I am on my feet may I suggest that if there is to be any further legislation we should have notice of it immediately? I had hoped that the house might close within a day or two.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think the amendment which is to be introduced by the Minister of Finance concerns a minor non-contentious matter arising out of an amendment to the act when it was before the house earlier this

session. As to further legislation, I know of nothing that is to be added to what is already before the house.

Mr. ILSLEY: If I have the consent of the house I will introduce the amendment and explain it when the order for the introduction of bills is reached. Perhaps with the consent of the house I might introduce the bill now.

Mr. SPEAKER: Order. We have not yet reached the order for the introduction of bills.

Mr. MACKENZIE (Vancouver Centre): The order for introduction of bills follows the order for motions, on which we may spend most of the day. The Minister of Finance wishes to introduce the bill now, before the order for motions is called.

PRIVATE BILLS

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

SPECIAL WAR REVENUE ACT

EXEMPTION OF CARBONIC ACID GAS USED IN MANUFACTURE OF SOFT DRINKS NOT TO EXTEND TO SUGAR

Hon. J. L. ILSLEY (Minister of Finance) moved for leave to introduce Bill No. 101, to amend the Special War Revenue Act.

He said: No doubt the house would like an explanation of this bill. The explanatory note states that when the budget resolutions were introduced it was the intention to exempt carbonic acid gas when used in the manufacture of soft drinks, but the exempting section was so drafted that it also exempted sugar, et cetera, which was not intended. The purpose of this amendment is to make the necessary correction. It was a mistake in the drafting of the bill.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Donnelly in the chair.

On section 1—Exemption not to extend to sugar, etc.

Mr. POULIOT: We have not copies of this bill.

Mr. HANSON (York-Sunbury): As I understand it, this is merely a correction. Perhaps the minister would just state what are the goods mentioned, to which reference is made in the section. Is there anything in addition to sugar?

Mr. ILSLEY: I do not know of anything. I assume that the original bill was drafted to accomplish the end that it was desired to accomplish, which was not to exempt sugar from the excise tax. To do so would be a most important, far-reaching and unintentional exemption. Section 8 of the act to amend the Special War Revenue Act, passed at this session, adds the following subsection to section 80 of the act:

> Notwithstanding anything in this section contained, the said tax shall not be payable when such goods are exported under regulations prescribed by the minister, nor in the case of goods purchased or imported by a manufacturer licensed under this part, which are to be incorporated into and form a constituent or component part of an article or product which is subject to an excise tax under this part, under regulations prescribed by the minister.

There are some parts which are subject to these excise taxes we have been imposing, through the War Exchange Conservation Act. Where those parts pay the 25 per cent tax, and the completed goods pay the 25 per cent tax, the first tax should not be payable.

Specifically, this section was drafted to deal with the carbonic acid gas situation. It will be recalled that in the budget we imposed a tax of 25 cents a pound on carbonic acid gas. That tax had been raised from five cents. We intended to provide by this section that when the carbonic acid gas had been purchased by a bottler or by a manufacturer of soft drinks he should be able to buy it tax free, just as he would be able to buy it free of sales tax. This tax of 25 per cent is imposed upon the bottler or manufacturer. It is not in addition to the carbonic acid gas tax, but takes the place of it.

The section was so widely drawn that it included sugar which was purchased for use in soft drinks, and that was never intended. I believe I have explained the purpose of the section.

Mr. FRASER (Peterborough West): I was told over the week-end that some of these retail distributors of soft drinks sell their product at six cents, and some at seven cents. Is that a legitimate procedure? Are they allowed to do that?

Mr. ILSLEY: One important manufacturer has not raised the price of soft drinks to the wholesale or retail trade. This is creating a difficulty, and an undesirable condition in the soft drinks industry. Consideration is being given to that point, and I hope that perhaps the situation may be remedied so that there will not continue to be the complaints there are to-day.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

Mr. HANSON (York-Sunbury): That is expedition; that is cooperation.

Mr. ILSLEY: Thank you.

HOUSE OF COMMONS

CLASSIFICATION OF CERTAIN POSITIONS FOR PERMANENT APPOINTMENTS

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

That the report of the civil service commission classifying certain positions to which employees on the temporary staff of the House of Commons are to be appointed on a permanent basis, laid on the table of the house on March 5, 1941, be now approved, provided that the six constables transferred to the messengers and cleaning branches, in the reorganization of the house services be made permanent by the civil service commission at the same salaries as they are now receiving, but such authorization is not to be regarded as a precedent.

Motion agreed to.

WAR EXPENDITURES

CONCURRENCE IN THIRD REPORT OF SPECIAL COMMITTEE

Mr. J. T. THORSON (Selkirk) moved that the third report of the special committee on war expenditures, presented to the house on June 4, be now concurred in.

He said: Mr. Speaker, when the special committee on war expenditures began its study of the reference to it, it was somewhat awed at the vastness of the territory upon which it had entered. The territory was uncharted, and a great deal of preliminary exploratory work had to be done. Then, later, specific subjects of inquiry were suggested to the committee by members of the house, and from various sources; and as the inquiry proceeded the fields of exploration of possible economies began to become more clear.

May I give an illustration of the manner in which the inquiry clarified itself as it proceeded. When we were studying the subject of financial controls over army, navy and air force expenditures it became clear to us, through the study of that subject, that there were certain fields of possible economy that should be further explored. It is indicated in our report to the house that parliament looks at the war expenditures for the first time when the war appropriation bill is before the house. The war appropriation bill is based on estimates that are presented through the departments to the treasury board and to council, and then to parliament. It was disclosed to us that these estimates are largely based upon war establishments, and the operations of war establishments, and matters that are incidental to war establishments. It was further disclosed to us that war establishments consist mainly of persons, plant and equipment. It therefore became clear that there were fields of exploration of possible economies back of the estimates themselves.

Three large possible fields of economy were opened up: one relating to all questions of personnel and the most efficient and economic use of personnel; a second relating to construction projects and all that is involved in the preliminary study of construction projects and construction programmes, and a third relating to equipment, munitions and supply. The desirability of making a study of these three main factors that enter into a war establishment before the war establishment itself is finally approved and becomes the basis of an estimate became therefore very clear. It was for that reason that the committee recommended the setting up of an establishments committee in such of the defence departments as have not a committee of that kind. It is not always easy to review an establishment once it has been created; therefore it is essential that there should be the most careful review of all establishment proposals before they leave the department itself; for the establishment proposal becomes the basis of the estimate, and the estimate in turn becomes the basis of the appropriation that is made in this house. The committee therefore emphasized particularly the need of an establishments committee. I give this by way of illustration of the manner in which the fields of possible economies opened themselves up to the committee as it proceeded with its inquiries.

As the committee continued its inquiries it came gradually to an agreement on certain fundamental principles. There was some confusion with regard to some of these at the outset, but I think that these principles are now completely clarified in the minds of all the members of the committee. The committee was appointed for the purpose of examining all war expenditures with a view to reporting what economies were possible consistent with the execution of the policy decided upon by the government. The committee has therefore agreed, and is settled in its view, that it is not a public accounts committee. The house has already a standing committee on public accounts, and if there is any hon. member who thinks that a matter should be referred to the public accounts committee he has the right to ask that it be so referred, but if he does so, he must do so on his own responsibility.

The committee is not precluded from examining past transactions; indeed in that respect the reference to the Canadian committee is very much larger than the reference

to the corresponding committee set up in the United Kingdom. But while the committee is not precluded from examining past expenditures, its only purpose in doing so is to explore the possibilities of future economy, and it has acted in that light.

Furthermore the committee is not a fact finding committee. It does not conceive it to be a part of its functions to approve or disapprove any particular transaction, or merely to find the facts with regard to a particular transaction. Its purpose is very much larger than that. Its function is to promote, as far as it can, economies in our war expenditures, to eliminate waste where waste exists, and inefficiency where inefficiency exists. In its search for economy and in its desire to eliminate waste and inefficiency it must not in any manner whatsoever, directly or indirectly, hamper or restrict the war effort of Canada.

The report presented to the house emphasizes the need for adequate and proper control of war expenditures at every stage, but it also stresses the importance of not restricting in any manner whatsoever the war effort of this country. May I quote what the committee says in that regard:

> The application of financial controls over war expenditures must not be of such a nature as to hamper or restrict our war effort but rather in aid and furtherance of it. Indeed it is in that light that the subcommittee sees the importance of proper controls. Proper controls do not lessen the effective power of our armed forces. On the contrary, they increase it, for the economic use of our financial resources makes possible greater increase in manpower and the instruments of war and greater striking and defensive force.

The committee found it necessary to operate by means of subcommittees. There were many subjects of inquiry; indeed the special committee on war expenditures differs in a number of respects from any of the other committees that have been set up by the house. There are literally scores of subjects that require study and investigation; indeed in this one reference to the committee there are many subjects involved, any one of which might well deserve a special inquiry. In fact, it was when the committee began to function through its subcommittees that it did its most effective work.

When the decision was made to continue the studies of the committee by subcommittees the committee also faced the necessity of making a decision as to whether the sittings of the subcommittees should be open or in camera. It was urged that all sessions of the subcommittees should be open sessions, but this contention did not commend itself to the committee. The committee did not accept that view. It decided that, in the main, meetings of the subcommittees should be held in camera except as a subcommittee might otherwise itself determine. In taking that decision the committee was not seeking to hide any facts; it was not a desire for secrecy that prompted that decision. Secrecy is important for one purpose, namely that aid shall not be given to the enemy. Indeed that is the main purpose of secrecy in deliberations of this sort. But the decision that the meetings of the subcommittees should be in camera was not based exclusively upon the need for secrecy. It was based upon the grounds of efficiency in the prosecution of the task entrusted to the committee. Everyone in this house knows that the committee system of inquiry is not the most ideal system of inquiry. It has its shortcomings, but on the other hand it has also its advantages. The committee decided that the sessions of its subcommittees should be held in camera largely on two grounds. It was felt that in camera sittings would make for a more direct and a more concentrated approach to the subjects that were under investigation. There is a natural tendency of members when the press is present to make speeches. That is not confined to the members of any particular group. The making of speeches does not further an inquiry, and when sessions are held in camera the number of speeches becomes very considerably limited and members apply themselves more directly and with greater concentration to the subject that is at hand.

There was another reason and a more important one for the decision of the committee that its sessions should be in camera. This committee is not a fact-finding committee. It is a committee for the purpose of promoting economies. In order to promote economies it must know where the economies are possible, and in order that it shall obtain that knowledge it must have the full and complete assistance of officials who are in the services themselves and know the details of all the operations of the administration of such departments. There must be the fullest scope for a frank discussion of what has happened and what can be done. There must be the freest possible exchange of opinion, because it is from that free exchange of opinion that the possible avenues of economies open up.

Then, too, it is well known that officials of departments when they know that the press is present and that every word that they utter will be published tend to freeze up and will not give as full an expression of opinion as they otherwise would. That is natural and human, and we all know that it is a fact.

Our committee was impressed with the rapidity of the expansion of our fighting services. Perhaps I might give some interesting figures to show that. I shall give, first of all, the figures for the last year before the war, the year 1938-39 and corresponding figures for the present fiscal year.

Mr. HANSON (York-Sunbury): We have them all here this morning.

Mr. THORSON: They are all on record but, by way of illustration, the appropriations for the army services increased from $16,727,000 to $666,574,000. Naval service appropriations increased from $6,639,000 to $169,640,000. Air service appropriations increased from $11,688,000 to $386,003,000. This showed an immense rapid expansion of our fighting services. It would be amazing, Mr. Speaker, if in the course of that rapid expansion there was no waste, because the objective at the time was not economy. The objective was speed in expansion, and there was not, of course, the same cost consciousness as exists in peace time. Canada owes a very great debt of gratitude to the defence departments for the energy and the drive which made this rapid expansion possible. But now, Mr. Speaker, we can more easily and perhaps more intelligently promote economies than we could a year ago, when speed of expansion was the first essential. It is now our duty as members of this committee to promote these economies in so far as that is possible without in any way lessening the effectiveness of our war effort.

The committee has recommended a number of reforms of importance in our fighting services, believing that their adoption will result in very large economies throughout the services. The committee has sought to avoid invidious comparisons between the services. It has not sought to set one service against the other, or to make invidious comparisons between them. Nor has the committee sought to be spectacular in its findings, or to seek credit for any of its members. The committee could have made and announced very large estimates of possible economies; for the committee knows that large economies are possible, but the extent of these possible economies does not lie exclusively in the hands of the committee. I conceive it to be the duty of the committee to point out possible reforms, and to point them out in such a manner that they will be most effective and prolific in their results. It is therefore our duty to aid in the adoption of those reforms and supervise their progress and development; but the extent of the possible reforms depends upon the services themselves and the cooperation which they will give, and upon the manner in which the loyal public servants in the departments, both civilian and service personnel, will carry them out. The promotion of reforms resulting in economies therefore requires the utmost cooperation between the members of this committee and the persons in the defence departments themselves, and the committee must act in such a manner as best to accomplish its fundamental objective, namely, the achievement of the necessary economies. The members have therefore taken this view, that for the time being it is their duty to submerge themselves in the objective which they are seeking to achieve; the allocation of credit for accomplishing economies is not in any sense the function of this committee.

The committee has really only commenced its inquiries. There are a great many subjects which require the most careful study. Many of them require immediate study so that if reforms are possible they may be set in motion as soon as possible. There are many subjects which still require further attention. Some of them have as yet not been studied at all.

May I be permitted to enumerate some of the outstanding subjects which ought to be further studied?

1. Financial controls over army, navy and air force expenditures.

Mr. POULIOT: Hear, hear.

Mr. THORSON: Only an interim report on this subject has been made, and a great deal of further work must be done.

2. Review of headquarters establishments, with a view to eliminating duplication of functions where such duplications exist, and promoting coordination and the most effective use of personnel both service and civilian. That is a subject which requires a good deal of further study and thought.

3. Army, navy and air force buildings construction; specifications and designs for such projects, and the inspection thereof during construction. Our committee has not as yet been able to commence its study of that very important and large subject, and it is important, particularly in view of the fact that there are large construction programmes still before us.

4. Medical, dental and hospitalization services in the army, navy and the air force.

5. Food and other supplies for the forces, the inspection and the distribution thereof.

6. The salvage of all waste materials throughout the services. We have been able to make only the most preliminary approach to this vast and very important subject.

7. War contracts: the bases upon which they are let; centralized purchasing and local purchasing authority; capital assistance; and all the other subjects which are related to the subject of war contracts. We have made only a general study of this vast subject, and further study of it should be made.

8. Labour relations generally. That is a matter of vital importance at this time.

I have enumerated only some of the subjects which require study. There are many others; indeed, as the inquiry developed and opened up, its ramifications became almost overwhelming.

It is desirable in the opinion of the committee that these important matters should be investigated as soon as possible. They are heavy subjects, difficult subjects. They require concentrated study and undivided attention. They are well worth exploring during the adjournment, when members of the committee will be free from their other political parliamentary duties and can give their undivided and concentrated attention to them. That is necessary; for, if economy reforms are possible, the sooner they are carefully studied and put into effect the sooner the results will follow.

The committee does not imagine for a moment that its task can be completed during the adjournment. Indeed, the task of this committee cannot be completed while the war is in progress.

The committee has been informed, and believes, that already it has been a stimulating factor in the promotion of economy reforms. Indeed the very existence of the committee is important in that regard. It is valuable to the services themselves and to the war departments generally that they should know that the committee is in existence and is studying the matters which come under those departments for administration. The knowledge that the committee is continuing its functions will be of considerable value in that regard.

Then, too, I think it will also be believed that the assistance which this committee can give will be greatly appreciated by those public servants in the war departments themselves—and there are many of them—who have been working loyally and faithfully for the achievement of economy reforms.

It is therefore the opinion of the committee that it should continue to sit notwithstanding the impending adjournment of the house. In that regard I should like to refer to the statement made by the leader of the opposition (Mr. Hanson) when he suggested to the Prime Minister (Mr. Mackenzie King) the formation of this committee. It was his thought at that time that the committee should sit continuously. I quote from *Hansard*, December 3, 1940, page 616. The leader of the opposition, in the course of his presentation of this suggestion to the government, said this:

> We know that war is wasteful; we know there is great waste in this war, though I do not say intentional waste. I do believe, however, that a committee of private members of this house, sitting day in and day out during sessions and between sessions, could perform a very useful function in assisting the government at this time, and I commend this suggestion to hon. members.

This is particularly the case now that the fields of inquiry have been so clearly opened up and the need of economy reforms has been so definitely indicated.

It might further be suggested, Mr. Speaker, that a failure on the part of the committee to continue to sit will be a set-back to the reforms which have been already proposed, and that the members of the committee would in a sense, be "letting down" the persons in the defence departments who are struggling for these reforms.

If I might interject a personal note, I should like to express my very great appreciation of the splendid manner in which the members of the committee have cooperated with one another in the very difficult task that has been assigned to them. There are differences of opinion in a committee such as this. Differences of opinion are inevitable. But the very fact that there have been differences of opinion has, in my opinion, made the committee more valuable than it would otherwise be, for these differences have been honestly, and, may I say, very vigorously expressed; they are appreciated as necessary and helpful.

It will not be a pleasant task for the members of this committee to be sitting here during July and August, in the heat of Ottawa, giving concentrated and undivided attention to the very difficult problems they must face. That task will involve sacrifices, greater to some of the members than to others; but I conceive it to be a matter of national duty and I sincerely hope that members of the committee on all sides of the house will support this motion.

There are grim days ahead of this country. Our people do not fully realize the grimness of the situation that faces all who are engaged in this struggle. We must use our resources as efficiently as we possibly can; in the promotion of the efficient use of these resources I am convinced that our committee can perform a useful task. It cannot perform a perfect task, far from it; but it can perform a very useful one. I sincerely hope therefore that all members of the committee and all members of the house will join hands in further-

ing the accomplishment which this committee has set before it, in reaching the objective which the committee has set for itself, that objective being that the people of Canada shall know that there is a body of men here in Ottawa who are seeking to ensure that Canada will get a dollar's worth of war effort for every dollar contributed by the Canadian people.

Mr. J. G. DIEFENBAKER (Lake Centre): In the words with which the hon. member for Selkirk (Mr. Thorson) concluded, every member of this house concurs. He has told us of the vast field that has had to be covered, the still greater field that is open, and the opportunity of service which has been and will in future, in ever-increasing measure, be rendered available for those who are privileged to sit on this committee.

The committee itself will remember the circumstances under which it was set up. It was set up in consequence of a speech delivered in this house by the leader of the opposition (Mr. Hanson) on December 3, 1940, a few days prior to the adjournment. The house commenced to sit again in February and continued until March 4, 1941, before anything was done to set up this committee. As a matter of fact, vast as is the field of opportunities, great as is the challenge to this committee, neither the committee nor any subcommittee has so far sat for more than thirty or forty hours. We had an opportunity to start sitting from March 4 and it is well to remember that we did not start until well on in the month of May. I point that out at the beginning so that the picture may be before the house. Let me repeat, too, at this stage that the purpose for which the committee was set up was to enable private members to contribute something at this time to the war effort. I can do no better than to read from what the leader of the opposition said when the matter was first brought before the house. At page 615 of *Hansard* of December 3, 1940, the leader of the opposition is reported as follows:

> I hold in my hand a series of reports of a select standing committee of the British parliament which was set up under the authority of an order of reference made on December 12, 1939, while Mr. Chamberlain was still Prime Minister and while there was an official opposition. The order of reference contains this:
>
> > That a select committee be appointed to examine the current expenditure defrayed out of moneys provided by parliament for the defence services, for civil defence and for other services directly connected with the war, and to report what, if any, economies consistent with the execution of the policy decided by the government may be effected therein.

Let me interject that the hon. member for Selkirk (Mr. Thorson) says the powers of the committee set up by this parliament are greater than those of the committee set up by the British parliament. The only difference is this, that the word "current" was omitted. Further than that no change was made. The hon. member was frank to admit to-day that as far as he was concerned as chairman of the committee—and I agree with him to some extent—his attitude was that this committee was not to go into past expenditures. It was to view past expenditures not as a fact-finding body but merely for the purpose of coming to certain conclusions upon the basis of the experience with contracts that had been let prior to the setting up of the committee, and on that experience to recommend economies for the future. With that I will deal later.

The leader of the opposition continued:

> Then it goes on and appoints a committee of twenty-eight members—and not one of them is a member of the government; they are all private members, and so far as I read the list of names, none of them are of international prominence. The committee has the usual power to send for persons, papers and records, and to sit notwithstanding any adjournment of the house, and to adjourn from place to place. It was to be in effect a continuous working committee to examine current expenditures for war purposes having regard to the announced policy of the government. It had the power to appoint subcommittees and to refer to such subcommittees any of the matters within the jurisdiction of the committee. Such subcommittees so appointed were empowered to send for persons, papers and records, to sit notwithstanding any adjournment of the house, and to adjourn from place to place.

As was pointed out by the member for Selkirk, the leader of the opposition later used these words:

> I do believe, however, that a committee of private members of this house, sitting day in and day out during sessions and between sessions, could perform a very useful function in assisting the government at this time, and I commend this suggestion to hon. members. It will provide an outlet for the energies of the private members who are anxious about the war, who want to make a contribution, who were sent here by their constituents to make that contribution but who find themselves frustrated—yes, that is the word—because they have no outlet for their abilities and their capabilities.

There is the background. The committee was set up, I repeat, to give private members an opportunity to serve to unify the people of Canada by reassuring them that such economies as can be effected will be brought about within the limits of government policy, by destroying rumours falsely circulated regarding phases of the war effort that would, unless checked, undermine public confidence. This committee should fearlessly reveal failure on the part of any department to practise necessary economies where efficiency would not be thereby curtailed. In short, the

purpose of the committee, and the attitude with which we approached its work, was a desire to canalize the spirit of Canada by giving it the assurance that the sacrifices of the people would result in efficient action within the limits of government policy.

That was the attitude the members of the committee adopted; that is the attitude we hold to-day, for in these days of difficulty all of us, regardless of party, wish to serve. From time to time we may be assailed by fears that all is not well in this war effort on the part of the dominion. To those who are of that mind I believe the reading of what took place during the days of Napoleon will bring reassurance. The other day I came upon a statement made in the British House of Commons by Richard Brinsley Sheridan in 1808, which I think epitomizes the situation in the empire to-day and the attitude of hon. members of this house. These are his words:

> Hitherto Bonaparte has had to contend against princes without dignity and ministers without wisdom. He has fought against countries in which the people have been indifferent to his success.

How applicable those words are to-day!

> He has yet to learn what it is to fight against a country in which the people are animated with one spirit to resist him.

That was the attitude taken by the leader of the opposition in the suggestion he made with regard to the setting up of this committee to strengthen and uphold the hands of the government at this time. Too often we think that this is the government's war effort. We on this side of the house believe that it is our war effort as well. In asking for the setting up of this committee, the desire of the opposition was to ensure that there would be no engaging in political wrangles; and we did not desire, nor should we desire at this time, to obtain political advantage out of wrongdoing, wasteful expenditures, and the like. All those things can come after the war.

Let me add, too, that I entirely agree with the statement of the hon. member for Selkirk that this is not a public accounts committee. Our purpose is not to find wrongdoing. Our purpose is to recommend economies for the future, but I do think the people of Canada are expecting more from us through the setting up of this committee than is within the contemplation of any of us. Under the resolution establishing this committee, the committee has no power to report wrongdoing to this house or to the country. The wording of the resolution bears out the construction placed upon it by the hon. member for Selkirk when he said this was not a fact-finding body. We can only report upon economies, if any, consistent with the execution of the policy decided upon by the government.

We do say, however, that while we wish to secure no political advantage, we feel that when a committee is set up in this way, with eighteen members from the government side and only six representing all the opposition groups; when that committee sits behind closed doors, however outspoken and vigorous may be the ideas advanced by its members—and the hon. member for Selkirk referred to the fact that there had been, on occasion, vigorous expressions on the part of some of the members—the fact remains that people all over Canada ask, "Why are the meetings of this committee being held in secret? What is the reason?" No member of this opposition has ever taken the stand that there were not matters which should be kept secret, matters which might be of assistance to the enemy or which, if made public, might be detrimental to our war effort. But I ask you, Mr. Speaker, what possible advantage there is to the enemy if in time of war, as between 1914 and 1918, examples of wrongdoing should be made public, thereby assuring that participation in wrongdoing would be a pastime dangerous to those taking part therein? Going back to 1914-18, how often were charges made against persons high in public life and industry? More than once, and when those charges were made they were investigated publicly, and that did not do Canada's war effort any harm. It assured the people of the dominion, under the leadership of Sir Robert Borden, that wrongdoing merited the strongest condemnation, whether it was on the part of political friends or not.

As I say, our attitude was that the meetings should be open, that the evidence should be heard in open session, except such matters as might be of advantage to the enemy. I would even go so far as to add what was mentioned to-day by the hon. member for Selkirk, the evidence of officials in the public service who might be fearful of expressing themselves if everything they said was going to be bruited abroad throughout the dominion. But I ask you again, Mr. Speaker: why should the evidence in regard to waste, overexpenditure and unjustifiable expenditure be hidden away in reports of the committee which are in the possession of the chairman only and not in the possession of the members of the committee? True enough, the chairman of the committee will at any time permit one to read the evidence. Surely, if the desire to hold these meetings in secret is

to be effective, it should not go so far as to prevent members of the committee from having before them the evidence taken in the committee on which they sat as members.

I should like to direct a question to the government. May I in this house mention the evidence which came out before the special committee on which I served, namely that dealing with matters of the air force, air observer schools and elementary training schools? If I do, what are the consequences? I asked the hon. member for Selkirk, the chairman of the committee, what his attitude was on that question. Will he allow us to reveal matters which came out in evidence before these committees, evidence which cannot be of advantage to the enemy? The fear of publication of it would strike terror or fear, in any event, into the hearts of those who might feel like-minded. Or, Mr. Speaker, are the voices of the members of the committee stilled in respect of the evidence which came before those committees? These are matters which are in the minds of the people of Canada.

Mr. THORSON: What was the attitude of the chairman? I suggest the hon. member should indicate what the chairman's attitude to the hon. member's question was.

Mr. DIEFENBAKER: I am glad to have the opportunity to reply. The chairman's attitude was this, that he could not decide it, that it was a matter for this house, if I remember what he said. Is that correct?

Mr. THORSON: Reasonably correct.

Mr. DIEFENBAKER: I now ask again, what is the attitude, and what stand does the Prime Minister (Mr. Mackenzie King) take in this regard? Shall we as members of the committee be privileged or allowed to place before the country the evidence which came out in committees, or shall we be required as members of that committee to forget what we heard, to disabuse our minds of what we heard, and, what is more important, fail to bring to the attention of the public of Canada the evidence that was available? In other words—

Mr. THORSON: Has the hon. member any charges to make?

Some hon. MEMBERS: Oh, oh.

Mr. HANSON (York-Sunbury): Now, now,—

Mr. HOWE: What about these insinuations?

Mr. HANSON (York-Sunbury): What insinuations? I have not heard any.

Mr. DIEFENBAKER: I am asking for information. Does the hon. member for Selkirk ask me whether there was any evidence or whether I know of any evidence of over-expenditure which came out in the committee? If he does, and the house agrees I will refer to it.

Mr. HOWE: Make your charges.

Mr. HANSON (York-Sunbury): You sit down.

Mr. HOWE: I am not going to sit down. It is a debate anyone can take part in.

Mr. HANSON (York-Sunbury): You are not in charge to-day. You sit down and let the hon. member make his speech.

Mr. DIEFENBAKER: I have referred to evidence brought out before the committee, and I am asking the question as to whether our lips shall be sealed. I am not making charges. I should like to place before the country the evidence that did come out, and evidence that may come out, subject to the limitations of the safety of the state. I think the country has a right to have that evidence. Because if another view is adopted here, what will happen? Just as was referred to in the editorial I mentioned a while ago, but did not then read:

> The chairman of the committee says there is no desire to "hide things". But when the committee sits behind closed doors the public is liable to suspect there is something to hide. It is unthinkable that the party in power has been collecting campaign funds from war contractors. Then why the secrecy? In the Commons, Premier King intimated that the only reason for secrecy in the taking of evidence was the prevention of useful technical information reaching the enemy. What would a committee of laymen be doing with technical information, especially a committee considering war expenditures?
>
> Ten months after the last war started, the purchase of war supplies was under investigation by the public accounts committee, but it seemed expedient to Sir Robert Borden, the then prime minister, to continue and enlarge the investigation.

Then it goes on to say:

> The government ought to throw the investigation wide open, except with regard to war secrets, if it wants to satisfy the public.

I think that, generally speaking, represents the point of view to-day of the people of Canada as a whole.

We believe no harm would be done to our war effort—and we would certainly not want to do such harm—by pointing out where waste has taken place. We agree with the hon. member for Selkirk that there has been a great expansion of Canada's war effort during the last six, seven or eight months.

There has been a vast spreading out, and, as he says, it would not be for us even to suggest that in the desire for acceleration of the war effort there would not be instances of waste. But that is a different thing, Mr. Speaker, from waste or over-expenditure consequent upon a government declaration of policy, or upon agreements entered into by the government, and still in effect to-day.

Our attitude to-day, and throughout, has been to give every assistance in the committee to assure that there shall be efficiency and, to assure a dollar's worth of war effort for every dollar of expenditure, within the limits of the necessities and requirements of an accelerated war effort. But while we do not believe in scandal-hunting at this time, we do believe that in the interests of morale, and to assure the people that all that can be done is being done, and to prevent over-expenditure, the evidence that has been taken should be placed not only before members of the committee but before the country.

As I have already pointed out, we as members of the committee are not permitted to have copies of the evidence that is being taken from day to day. Somebody says, "Do you make charges?" No, Mr. Speaker, we as an opposition are just as anxious that there shall be no wrongdoing, that no wrongdoing shall come out, that no cases of over-expenditures should be revealed, as any member of the government. So far as I am concerned I have forgotten political consequences, what the next election may bring forth, and I think that is the attitude of all hon. members of the house. Our paramount consideration as members of the opposition must be to refrain from obstructive criticism and fearlessly to offer constructive criticism. Not to have as an objective the winning of the next election; because it cannot be too often emphasized that unless this empire triumphs it will be a matter of small concern what political party we belong to. That, I say, is the attitude that we over here are trying to take, not the attitude of the classic aphorism of Tierney when he said that an opposition's duty is "to propose nothing, to oppose everything, and to turn out the government." We want hon. members on the government side to realize this, that we have a duty to the people of Canada in the creation of public opinion, that our sincere desire is to cooperate, and it is in that spirit that I advance in debate what I have suggested to-day.

Mr. GLADSTONE: Will the hon. member permit a question? Does he realize that irreparable injury may be done to a person by the evidence of one day publicized, which evidence may be refuted on a subsequent day?

[Mr. Diefenbaker.]

Mr. HANSON (York-Sunbury): That is true of proceedings in any court of law.

Mr. DIEFENBAKER: The hon. gentleman is a member of the committee. He concurs, I am sure, in everything I have said in regard to our aims and purposes, and I should be the last to suggest that what he says in that regard is not true. But that is only a justification for not making the evidence public as it arises; it does not answer the point I have raised that we as members have a right to that evidence and to make it public before the country after we have come to a conclusion based upon both sides of the question as it has been placed before us.

I have dealt at some length with the question of secrecy; now let me refer to another aspect of the matter, namely, the setting up of the committee. I have already said that as to the general terms of reference and the purposes to be served by the committee it was modelled on the committee set up in Great Britain. But one slight change would have made the people of Canada feel that the committee was entirely free from the criticism that there was on the one hand an overwhelming government majority, and on the other, if I may use the expression, an overwhelmingly small minority. The committee was not set up the way the British committee was. There they set up a committee on which there was equality as between government and opposition, the government having a majority of one. Here a committee is set up with eighteen members representing the government side, four the official opposition, and, one each the two other opposition groups. Why should a committee not be set up that would indicate to the people of Canada the desire to give leadership at this time regardless of political consequences? Let the government say to us: We will give numerical equality with the opposition, retaining to ourselves the majority by having a chairman and vice-chairman of the committee. Would there be anything wrong with that?

The hon. member for Selkirk says that this is not an ordinary committee, that it is an extraordinary committee and I agree. Justification there might be by tradition for inequalities in ordinary committees, but there can be no such justification for a committee set up with the high purpose and the firm resolution that politics shall be divorced therefrom. We are all human, and if you pile up against the opposition a majority of four to one, however fair the meetings, there is left in the country as a whole the idea that the committee is overwhelmingly against bringing out recommendations that ought to be brought

out. I plead with the government now, if we are going to continue the work of this committee—and work of great importance has been done and very considerable economies have been effected, although as yet it has only covered the fringe—to forget political considerations, forget the rules of the house, if you will, based upon tradition, and equalize the representation of the government and the opposition, giving to the government the right to control the committee through the chairman and vice-chairman. Because as the hon. gentleman has said, the work of this committee is very trying. It requires hours of labour, it requires concentration. Yet what is our position? The government members may leave from time to time; they can spell one another off; we continue to sit if we wish to be represented. Therefore I suggest, first, remove the veil of secrecy, subject to imposing it when the public interest demands; second, equalize the representation of government and opposition members.

I come now to another matter. It has been said, according to the press, that members of the committee are to receive $15 a day for an allowance for expenses in respect to sittings held between sessions of the house. I think I express the view of all hon. members on this side of the house when I say that to make such an allowance would be a dangerous thing for the morale of this nation. It would encourage the spreading of all kinds of rumours if we in this house, while advocating the necessity for sacrifice, when it came to a practical application of the doctrine, should forget all about our professions in that regard. My suggestion is that we as members of this committee—most of us were anxious to be on it for the opportunity it offered to serve, give a lead to the people at this time—regardless of our financial position, should not be placed in the position of saying to the people of Canada that we think we ought to have an allowance additional to our indemnities for serving on the war expenditures committee. For, after all, as members of parliament our duty as members extends throughout the year and is not confined to the period during which we sit in the house.

I have criticized in the past large expenditures for per diem allowances made to others. Can any hon. member who has taken a similar stand justify before the people of Canada what we have criticized in others. As I see it, our primary duty as members of this house is to assist in making the laws—although our legislative and deliberative functions have been considerably curtailed and are rapidly diminishing by reason of war—but our great duty is to implant in the people of Canada a wider measure of appreciation and faith in democracy and its worthwhileness. That faith must be imparted to our people. That faith rests on the definiteness of the decisions made by this parliament, on the leadership it gives and the course it maps out.

Twenty-four members on a committee—$360 a day. Do that, and all over this dominion there will be the feeling that we in this house have let the people down. What do I suggest? I know the difficulties. The solution as I see it is this. We cannot, we dare not, at this time place ourselves in a position of accepting a per diem allowance. But the government might see fit to increase the membership of the committee along the lines I have indicated, and then we could set up subcommittees on a territorial basis instead of on a basis of subject matter. The proper division should be based on air, army and navy, and supply—at least that was the original intention—but to-day it is on the basis of subject matter. Set up subcommittees on a territorial basis. Every province has a certain number of representatives, and we can afford to meet in a provincial committee and investigate any matter which the chairman may consider necessary or which we as members of the subcommittee consider necessary.

We have no authority as I understand it—and I raise this as my second point—to accept any allowance. An interesting debate took place in the British House of Commons on February 27, 1941, in regard to the old principle that a member of parliament shall not accept a "place or office of profit" under the crown. This, in my opinion, having regard to the definition, is a place or office of profit. The principle, hon. members know, goes back to 1705, to the Act of Succession. So rigidly has this principle been applied that for years it was impossible for a member of the British House of Commons to hold a commission in the armed forces of Great Britain. In 1914, the parliament of Great Britain passed a statute in order to enable members who had accepted commissions in the armed forces to continue their membership in the House of Commons. That statute is chapter 3 of 1914, and its operation terminated with the end of the great war. The pertinent section is as follows:

> The acceptance of a commission as an officer in his majesty's forces shall not vacate and shall be deemed not to have vacated the seat of any member returned to serve in parliament, and shall not render and shall be deemed not to have rendered a person accepting such a commission incapable of being elected to, or sitting or voting in, the Commons House of Parliament.

The necessary amendment to permit of members of parliament being commissioned was passed at the outbreak of this war. Our

governing statute, of course, is the act respecting the Senate and the House of Commons. And what does it say? It permits naval and military men to accept commissions and retain their seats in parliament. Strangely enough, it does not refer to the air force. Whether or not an amendment would have to be made to "the Senate and House of Commons Act" to permit members of the air force to retain their seats in parliament would be a matter for the Department of Justice. The act refers to the naval and military forces, not to the armed forces in general. I fortify my argument, therefore, by saying that, as I apprehend the law, members of the committee who desire to take this allowance will be placing the tenure of their seats in this house in jeopardy.

With these suggestions, and not having any ruling as to whether the evidence which was adduced before the committee should or should not be referred to, I conclude what I have to say. I again press on the government the necessity of accepting some of these recommendations. Their acceptance will pay dividends, Mr. Speaker, in the reassurance it will give to the people of Canada that the government is not relying on the traditional basis of representation on committees of parliament and that the overwhelming power of its numerical strength in parliament is being relinquished in the case of this committee. We are animated by one desire, namely, to serve, and if we agree to serve, as I think we ought to, on the basis of no payment or allowance, any difficulties in the way of some members coming to Ottawa could be overcome by establishing territorial limits for the jurisdiction of the subcommittees. From time to time these subcommittees could send representation to the central committee at Ottawa in order to place before it the point of view of the different committees throughout Canada.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, as a member of the war expenditures committee I wish to say a few words. I am not going to go over old ground, particularly that traversed by the previous speaker (Mr. Diefenbaker). Whatever merit there may be in much of what he has said, it is futile discussion at this time because we accepted the composition of the committee and its terms of reference when it was appointed earlier in the session. So long as we are willing to serve, unless we ask for the discharge of the committee, I do not think there is very much use in taking up the time of the house in putting forward suggestions which, however good they may be in themselves, are not likely to be accepted by the government.

The committee was formed on a basis having relation to the representation of each party in the house. Maybe that was unfortunate, because of the abnormal conditions under which parliament is operating at the present time. However, it was done, and we agreed despite that to work on the committee. We are therefore not on very strong ground in raising the point at this time, although it is one which the government might well take into consideration.

The committee, however, has worked very harmoniously. There have been differences of opinion, but no acrimonious discussion, and we have got along very well. Little partisan feeling seems to have crept into the work. If it did, possibly I was not sharp enough to notice it.

Mr. BRADETTE: The hon. member would have noticed it. He is sharp enough.

Mr. MacINNIS: I cannot accept, however, some of the statements made by the chairman, the hon. member for Selkirk (Mr. Thorson), as to the nature of the work of the committee. He has said that it is not a public accounts committee. With that I agree, but I believe it has to do work which a public accounts committee would have to do, and to that extent, no matter what you call it, it is a public accounts committee.

He has also said that it is not a fact-finding body, but a committee to promote economies. Well, you cannot promote economies unless you know the facts, and to discover the facts you must delve into the organization and the financial transactions and everything pertaining to the war economy. That, really, is what we have been doing.

Having said that I do not agree in these respects with the chairman of the committee, I should add that I got along very well with him. As a matter of fact it was a very great pleasure to work with, or under, him—whichever is the proper term to use. We had no difficulties, and I am sure that so long as he is chairman that condition will continue.

The question whether the committee should hold secret sessions was raised, also as to members of the committee not having access to the evidence taken at these secret meetings. It was something new to me to hear that any members had been refused access to evidence. Personally if I were denied recourse to any testimony taken at a committee hearing I should refuse to act until I got it. I cannot make a report except upon the evidence, and I cannot make a report on the evidence unless I am allowed to examine that evidence. I am sure there must be some reason for the allegation made by the member for Lake Centre (Mr. Diefenbaker) that he

was not allowed to see reports, and that it cannot be correct in its full implications. To me such a state of affairs is unthinkable.

There is a great deal to be said, however, for holding meetings of a committee such as ours without the presence of the press, and possibly without the evidence being printed. It seems to me that there are two ways in which we can give comfort to the enemy. One is by making public facts which he would like to know, giving him information which would be useful to him. But another proceeding would be just as valuable to the enemy, namely, the making public of facts or reports which would tend to weaken morale in this country. I think everyone will agree that the greatest care would be necessary in considering evidence of the former kind. As to what information would or would not, if made public, weaken morale in the country, there might be considerable difference of opinion.

I do not believe that any harm was done, but on the contrary a great deal of good, by having evidence taken in camera. There were witnesses before us who were anxious to give expressions of opinion, but would not have cared to do so were they to be put on record. They desired that the committee should have their point of view for what it is worth. They took the position that certain investigations they were making had not been carried to the point where they could be definite in their conclusions, but so far as they had gone they had come to certain conclusions which they wanted to communicate to the committee as being their point of view. I believe the committee should be in a position to accept evidence of that kind. We are not bound to act on anything we hear, but we are bound to examine it. For these reasons I think the committee was justified in hearing evidence in camera.

It will be noted that the report of subcommittee No. 1, which is part of the report, has been amended, and that the report of that subcommittee and the report of the full committee were carried in the committee on division. I was one of the members who would not agree to the report of subcommittee No. 1, either in the form in which it came first before the committee, or as amended; for that reason I had to vote against it. I also had to vote against the report of the full committee. But this represented only a part of the committee's report, and with the remainder of the report I am thoroughly in accord.

I believe it is in order for me to state why I could not agree with the report of subcommittee No. 1. That subcommittee had to examine, among other things, contracts with civilians, flying clubs, associations and companies. Contracts were made by the government with certain flying clubs when these clubs had satisfied the government that they had sufficient capital to carry out their contracts. The amount of capital was not really large. The government provided all the capital and equipment and furnished the money for carrying on the work of these schools, apart from management and perhaps other small items.

What I objected to in the report of the committee was that a bonus of common stock was given to the shareholders of the stock in these flying schools, and dividends were paid on this common stock—stock for which the shareholders paid nothing. I considered that, and I still consider it, something that this house should not allow. It is a condition as to which the committee should make a definite report to the house, recommending that it cease at once, and the government should see that the committee's report is implemented. This short explanation makes clear my position with regard to the report. I wish to put myself quite definitely on record in the matter; I think it is wrong. The people of the country will think it is wrong, and if it becomes public and the government does not take action it will be harmful to our war effort. I do not believe this is the time for any company, let alone a company that is financed largely by the government, to be building up reserves to carry on work after the war. If there is work of this kind to be done after the war, the government can finance it, just as it is financing the work at the present time.

There is one other matter to which I wish to refer, namely, the sitting of the committee during the adjournment. I believe the committee has done good work already. The mere fact that the committee was appointed has had a beneficial effect on the service, and there is a great deal of work still to be done. Despite the fact that I would much rather enjoy the balmy climate of Vancouver during July and August than swelter in Ottawa, I believe the committee should sit. I think it, however, a mistake for the committee to recommend that the whole committee should sit. A much smaller committee would be better. I agree with the hon. member for Lake Centre (Mr. Diefenbaker) that this smaller committee might more closely approximate equality in the composition of its members than the larger committee did.

I am not going to say anything about the per diem allowance. I made my position clear in that regard in the committee. I think we should try as far as possible to keep

politics out of this discussion—I say "politics" for want of a better word—and because I so believe, I am not going to discuss the question further.

Mr. T. L. CHURCH (Broadview): The appointment of this committee came before the house on March 4, in a resolution proposed by the Prime Minister (Mr. Mackenzie King). He sought to pattern the committee on a similar body which was set up by the British parliament to deal with various problems in connection with the war expenditure, but this committee is of a different sort. It did not follow the text of the British resolution.

The committee has held a great many meetings. I happen to be one of those who on March 5 strongly opposed its formation from the start, because the committee system as we have it in this legislature never digs up anything. Moreover, the government of the day has a large majority on the committee and they write the report. Everything that I said in the debate on Wednesday, March 5, in opposing the appointment of the committee, has proved true. This committee when it was appointed was expected to deal with war expenditures, past and present, and to suggest economies. Now I do not know of anything wrong that has been done, nor do I wish to refer to things that have been wrongly done, but the people are paying $4,000,000 a day in war expenditures, a large part of which is not for the war and will not amount to a snap of the fingers in beating Hitler over in Britain and other primary theatres of war, where the war will be decided finally and conclusively.

The committee has not adhered at all to the text of its reference. The chairman wrote to members of the House of Commons a day or two after the committee was appointed asking hon. members to come and give suggestions. One morning I went to the committee myself and saw the chairman—not to take up any of the time of the committee but simply to submit on a page of paper suggestions regarding what I thought ought to be done. One of the main questions which the British government has been discussing is that of transport, and I have never heard one word in that regard from this committee. One subcommittee over there deals with it. Look at our transport situation to-day on the Atlantic ocean; consider the shipping that is being lost, and the lives of numbers of our sailors in the merchant marine, off the Irish coast and elsewhere in the Atlantic. One of the main reports of the British war expenditures committee had to do with the investigation of that whole problem, but this committee has ignored it. I asked the committee if they would investigate soldiers' insurance, free soldiers' railway transportation, and other matters, but nothing was done. They said it was not for them.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. CHURCH: I had been dealing with this matter for a few moments before we adjourned at one o'clock, and I am going to detain the house for only a few minutes more. I am not criticizing the hon. members who have served on this committee; far from it. I only object to the system adopted. At the time the appointment of this committee was being discussed I said:

> On the government side of the house there are a number of private members—I have known them for a great many years—also many in the opposition and in the two parties to the left, who have splendid ability. Quite a few are returned men. They have executive capacity, technical knowledge, and skill, and their services would be of great value if they were used as they properly should be at this time to promote war work for the good of Canada.

I was opposed to the appointment of this committee from the very beginning although I believe the members on it, if separately given war work, could help greatly, and speaking about the committee system on the same occasion, I said:

> I entered this house as long ago as 1921, and all the time I have been here I have had very little reason for confidence in the appointment of select committees or their findings. I recall the principles on which, under the rules of the house, these select committees are appointed. The proposed committee is supposed to go into the war effort, to look into the past, to investigate current activities and, indeed, as I understand, although it is limited by some proviso, to review anything which has happened since the war began. I am not reflecting on the committee system, but I desire to point out that under our British constitution committees are usually appointed with a text of reference. In the past we have had committees appointed to consider the estimates of the Canadian National railways, without discussion and without notice, empowered to go into the question of ways and means on railways and shipping, to examine estimates and expenditures, with the result that the house divested itself of all power to deal with such questions until the committee brought in its report, usually in the dying days of the session. In consequence, under the committee practice, not a question was asked or answered in the house when the report of the committee was being concurred in. Moreover, three-fourths of the members of a committee are supporters of the government, and the government members, as the practice has shown, will write the report and decide on the findings, the question of secrecy, and can rule out any discussion on government policy as outside the scope of the reference.

I am only dealing with the principle in this case, not with the individuals. The individuals are all right, but the principles and text of the resolution underlying the appointment of this committee are all wrong. Our system is different from that of the old country. They have no party government over there at all; only war effort counts. They are right in the war zone, with bombs dropping near the building where parliament and the committees meet; very often the committee has to adjourn and meet again in a new place. Then also in England their sessions continue throughout the year; members of these permanent committees reside near the place of meeting, and they can come together regularly. Here we meet only periodically. There is also a vast difference in procedure. Over there everyone is war-minded, whereas in this country the slogan is everything as usual. For many years past in Canada all parties were afflicted with the Geneva type of mind. We threw away our defences, allies and friends, with the result that when war broke out we were almost completely disarmed. We were dependent on the mother country for the defence of Canada on land, sea, and in the air, just as we were in 1812.

This select committee met on March 12, and decided that it would not review the past; but, as I said when the committee was appointed, all it could do would be to conduct a postmortem. All the war expenditures had been made; all the commitments and contracts had been entered into. Yesterday at Colgate university the Minister of National Defence (Mr. Ralston) said that this year we would spend about $1,450,000,000 on the war, which works out at about $4,000,000 a day. The committee system has been under considerable criticism, and that system has been carried to its logical conclusion in connection with the budget, which is written by the permanent officials while members of parliament have nothing to say about it and cannot change a line of it. This committee was designed to attain by its text the unattainable. I opposed its appointment because I believed the work should be done by a permanent board of audit; and in any case under our constitutional practice the ministers are directly responsible. The committee was political from the start. A civil war was fought in Britain for over one hundred years before the House of Commons obtained control over budget and expenditures in peace and war alike, but here we have the appointment of some fifty-six outside boards by the government, plus this committee. Now we have the executive ruling, and they ignore parliament and rule by the War Measures Act and order in council. Under the statute of Westminster the powers of the executive were increased, and now we have surrendered to these independent boards and committees all our powers and privileges as a House of Commons. One branch of our parliament is on holidays all the time. That branch could do a great deal of this war work as they do in England and the United States; it could carry on some of those investigations, but it is not working, has no work and is given no war work or investigation work.

With regard to the question of press publicity, I believe that is a safeguard against the abuse of power and manifold unfairness, especially in war time. The publicity given through the various government agencies is all propaganda on behalf of the government, and has a very strong tinge of partisanship. Publicity in the press is different and in this connection may be embarrassing with its criticism, but the lack of it is disastrous in war time. We hear conflicting reports from the government's press agencies as to man-power, the victory loan, enlistments and many other matters, including the camps, many of which have been established in the wrong location, entailing vast expenditures of money in connection with the provision of sewage and water. That has hurt recruiting right across Canada. Criticism is a tonic which stirs governments to action if founded on fact and not inspired by any political bias. It has stirred the present government, since this war began, to do things they never intended to do. And when I say that I do not intend to disparage any of the members of the cabinet. I know their work must become, by overwork, at times almost intolerable; it is a tiresome, wearisome, thankless job, at its best, but it is their work and no one else's under responsible government. I know something of the work of the government in time of two great wars; nevertheless that work has to be done by someone. If criticism is founded on fact and not actuated by partisanship it helps the government; it protects them from some of their own supporters, and urges them to do things which otherwise would not be done. I realize that this is a government of Canadians in Canada, but I have been very much disappointed in our war effort, and I think that disappointment will be found right across the country. I like as far as possible to give the government general support in its war effort; I believe all the members of the opposition have done so very well, but

we do object to the political way some of the committees carry on. I read the committee reports, and I find that a great deal of the work is done by a line-up on the party basis, and a vote, and they will not accept or adopt constructive criticism either from within or without.

We hear some talk about the holding of secret meetings of the committee, and I am opposed to them. Well, that would not be a very wide departure, even if it were done, because the House of Commons has been meeting in secret since the beginning of this war because it is not even reported and the people do not know what goes on here. We might as well be meeting in secret. As I see it, the acid test for a newspaper is the way it reports the House of Commons, because, in war as in peace, the house is the only place where the man on the street can have his grievance remedied. It is the only place where those who are paying for the war at the rate of $4,000,000 a day can find out what the policy of the government is and also the policy of those in the official opposition, and of the two parties which occupy the left corner of the chamber, and what they all have to say on all public questions.

When the public wakes up and finds that the real debates of their elected representatives are taking place in secret, they will not only be surprised, but they will have something to say about it. Especially will that be true if the war comes closer to Canada—and it is sure to come much closer before we reassemble in the fall. War is undoubtedly going to come much closer to our shores. All the help we have is in the mother country. It will take us, as I said in March, 1939, two years to get any trained men or munitions. Where are we now?

This committee on war expenditures seems to be top heavy. All troublesome questions have been shunted out into the secrecy of subcommittees. If we do not bestir ourselves to see that everything is all right in Canada, Hitler and his "subcommittee" may arrive and everything will not be any more as usual in Canada. I was one of those on this side of the house who for five years before the war continuously preached rearming and cooperation and coordination with Great Britain. I urged that there be rearmament all along the line, on land, on sea and in the air, and opposed separatism and neutrality.

As I say, the elected representatives of the people are meeting here in secret, while real publicity is given to personal matters like lawsuits, murder trials, divorce proceedings, professional sports and the ballyhoo of a number of press agents from the various departments of government which are charged with the conduct of the war. The government uses all these paid liaison officers in the press, the radio, pamphlets, booklets and picture books to put out its political propaganda.

The auditor general was given vast powers. We should reestablish responsible government in Canada. The ministry should be responsible for all these expenditures, and the auditor general's branch should look into them. I do not agree with the proposal of the hon. member for Lake Centre (Mr. Diefenbaker) for provincial committees. Provincial committees to do what? Provincial committees all dressed up and no place to go, because they have no control over expenditures, and they are not responsible. The minister is responsible, as I see it. The conduct of the war should be non-political. Under parliamentary government the responsible minister is in charge. That is the trouble with our war effort. We do not know whether our generals on land, on sea and in the air, in England or elsewhere, are having a free hand, or whether they are being interfered with by members of the cabinet at Ottawa. We know—in fact we were told only a few days ago by the responsible minister for the navy in the house—that there are two admirals at Halifax. One is a British admiral, and the other is Canadian, and inside the three-mile limit under the statute of Westminster the British admiral has no power, even if the enemy approached. We are thus a separate sovereign state in name only. The same is true in Newfoundland in connection with the men who enlisted in the services for home defence. They would not be allowed to fight there.

I wish to protest against these things because I know, as has been said before, that the first duty of yes-men in Germany is to find out what the fuehrer wants, and then to make the planets dance to his desire. Yes-men are not all astrologers; it is a pity they are not. They would be better for it. They exist in all classes of society, and in all communities, and their mark everywhere is the dread of freedom. These authoritarian governments, Germany, Italy and Russia, exist only because of yes-men and nodders. When a leader emerges he is acclaimed by them, and he drives the country to ruin to their resounding cheers. No opposition is possible in the dictator-ridden countries. That is true, but the evolution of tyranny in Germany and Italy is possibly only because of those who were ready to surrender to usurpation, and once fuehrer, duce, cordillo, or what-not

dictator is saddled, he cannot be unseated without a general upset, and by force and revolution.

In Canada so far we can speak our minds. As I said before, no one desires information to get to the enemy. But it annoys a great many people to find that the enemy know most of our secrets, and that much confidential information appears to be known also by a certain committee at Washington and a joint defence board; yet this House of Commons is not given facts which are known elsewhere. The committee might just as well not meet at all, if it is to meet in secret. Canada is part and parcel of the British empire, and that empire, in which Canada is a link, has the right to know what is our general war policy, what is the nature of our war effort, and how it is to be coordinated with and support the efforts of the rest of the empire. That information will be lacking unless the committee has a free hand to find out the facts and meet in public. Our people are entitled to know what has been our war effort from the start, what has been its effect, and what it is going to be, so that he who runs may read; and the press should be enabled to publish the facts so that the people may know we are secure. After all is said and done, security is better than opulance.

We as members of parliament are not fulfilling our trust if we consent to hand over all these war and defence questions to a select committee over our heads, and surrender our power to others. We are not doing our duty if we avoid discussion in this chamber and delegate our responsibilities to a select committee, with the limited functions entrusted to it. I do not intend to let this occasion pass without a protest, because I believe that the appointment of the committee has had the effect of prohibiting discussion in the house of the estimates of the departments concerned, and preventing anything further being done until the very end of the session.

I may say that a great deal of this publicity in connection with the war expenditures has not been given to the house, at all. I believe that can be said even with respect to the victory and all other loan campaigns. Lord Beaverbrook told us last Sunday what we need. We hear talk about torches in connection with the victory loan campaign. Well, Hitler has applied the torch to almost every city and town in England. They do not think they need any more such torches. These publicity stunts are all right, in their way, but they do not amount to a snap of the finger when it comes to getting anything done to beat Hitler in a primary theatre of war. They cost a lot of money no doubt, but are a relic of the last war for the most part.

We were told by Lord Beaverbrook what was needed—arms, cash, men, munitions, ships and food. Those are the things we ought to keep in mind. Primary things are wanted at once, not secondary things. Everybody appreciates most heartily the splendid work these war committees are doing and the victory loan gentlemen so well, but some of the publicity is wasted, and extravagant at times by our own departments. In my opinion the committee should have studied the lease-lend act. It should have considered how much of our war effort in Canada could have been taken care of in that way, and how Canada could have benefited from it. The lease-lend act is not referred to at all in the report. Our war bill would thus be very much less. Our loan campaigns spend too much with the result that there is not enough enthusiasm in respect of the main question, namely, the securing of man power, without which we will lose the war. That enthusiasm is not what it ought to be. The proposal has been made that the committee should go on tour, across Canada. I think that is all wrong. I have a great deal of respect for all the members of the select committee, but I do not see what we could accomplish if they are not given powers which are not possible for a committee to have in the war under a form of responsible government. They are attempting the impossible, and we have politics in our war effort a lot of times.

The fact is that we are becoming a nation of boards, subcommittees, brigadiers-general and press agents. The result is that the committee has not fulfilled the function for which it was appointed. It seems that it wants to go on a tour of Canada. Well, so far as I am concerned, they may go on tour, if they wish, but I do not think it is necessary to send a committee or a minstrel show either across Canada to find out what our war effort is. The situation is too serious for that. In my opinion if the committee is to meet, then it should meet right here in Ottawa, or not at all.

With respect to expenditures on war camps, I would say that in my opinion many of those camps should not have been built where they were. What about the use of public property? We know that at the time of the last war the universities of Canada gave freely of their property. For example, the university of Toronto made all its buildings available. In this war, however, they have given only a small room in Hart house, accommodation at 182 College street, and the basement in the

engineering building. A return to an order of the house describes the university property given by all of them in Canada, and it is not nearly enough. In the last war every Toronto university building was used, Victoria university, the school of science, the medical building and Hart house. Now the government is renting properties when it should be using exempted property right across Canada, municipal and school buildings. Toronto gave the exhibition free. The province of Ontario has done nobly. I think it has given as much property as, or even more than, any other province. It has given the use of its buildings at Guelph, and at many other places. Yet this government has leased a property at Victoriaville at a rental of $170,000 for five years from the Quebec government while Toronto and Ontario gave it free, according to the returns to the house

I do not believe the committee and the subcommittees did the work which the reference called for. The committee was appointed on March 5 and met for organization on March 12. Nineteen sessions of the main committee and thirty-four sessions of the subcommittees were held. The main committee examined eight witnesses and twenty-seven were examined before the subcommittees. The first committee dealt with airports and contracts, but there is much work to be done yet, and the same can be said for the other subcommitteees. Some recommendations are made and some of the information collected is worth while as far as it goes, but much of this information has been given out before in ministers' speeches in the house, and outside. Some has been contained in what has been put out by the information bureau, and it has been put out in other ways by the departments themselves, and liaison officers. Much of it has been contained in members' returns and ministers' and members' speeches which have been made here and in the United States. As I say, some of this information is contained in the publicity books which have been issued. These books contain some good information, especially this one dealing with Canada's war record. A responsible minister said at Colgate yesterday that 70,000 men were in Britain; this pamphlet says 80,000. This states the number on active service is 250,000; the figure given by the minister at Colgate is 170,000. Then it goes on to refer to those in the home reserve army, and the number is given as 175,000. Some of those are thirty-day trainees who believe that under their contract the war is over so far as they are concerned. A return asked for by me was brought down giving the enlistments in the air force as 49,918, made up as follows:

Ontario	21,037
Quebec	5,516
Manitoba	5,800
Saskatchewan	5,108
Alberta	4,090
British Columbia	4,331
Nova Scotia	1,671
New Brunswick	1,935
Prince Edward Island	429

The return showed that enlistments in the navy total 16,861, and in the active service, 219,167. In the last war we had 619,636. Man-power is the important thing. We should have a system of records such as they have in connection with the victory loan. To-day Ottawa announced the detailed subscriptions by cities which had been received all over Canada from Vancouver to Halifax on Monday only yesterday. Why cannot that be done in connection with records in recruiting in the army, navy and air force, each month by municipalities? If this committee is simply to conduct a postmortem on what has been done in war expenditures in the past, it had better not be appointed. It should have power to review the work of outside boards and all contracts since the war began, as well. Many men in Canada have been lulled into a false sense of security. They might have known that unless those countries desiring peace were stronger than those desiring war, there would be no peace. I define collective security as a doctrine that leaves to others the task of defending freedom and civilization on land, sea and in the air, while they look on as spectators. I believe something should be done now to establish the freedom of the press and to protect it for the period of the war. This committee may meet until doomsday, but unless it is given proper powers and functions, I do not believe any good will flow from it, and the people will continue to be just as much in the dark with regard to Canada's war effort.

The committee should have been free to deal with government policies as policy is the main thing in the conduct of the war. If the recruits are not available, as I have said before two or three times, some other method will have to be adopted. The committee has not dealt with that at all. Manpower is the most important thing if Britain is to take the offensive against a German army of 240 divisions. You will never get the men if everything is going to be as usual. Look at the pages in our newspapers devoted to many forms of various professional sport and other things with everything as usual as a result. Just a short time ago two pages

in the Ottawa paper were devoted to the presentation of a cup to a young man, but not one word about the poor Canadian boys flying over Germany in the Royal Canadian Air Force to protect these shores. Everything is as usual in Canada. The committee did not have the proper text of reference to get any adequate results or dig up anything.

Another information book was published yesterday giving the details of the war in pictures of the campaigns in Libya, Egypt, Crete, Greece and Africa. Across the top is a list of many countries, but the name of Canada was missing and not there to help the mother country. I believe the committee has collected a lot of information and it should be given credit for that. However, such a body of men could have been better employed in another non-partisan way. One or two could have been attached to each department in order to give some help and aid the war, but they never have been asked. No wonder the recruits are not coming forward! What can we expect when more wheat is being sent over to China through Japan, that will never get to China, and before the war and for nearly a year after, base metals, scrap iron, pig iron, nickel and oil? Two or three months, after the war broke out large shipments of these supplies were still going to the dictator countries. Germany had no fleet on the Atlantic, but she was able to get one together because of the generosity of the allied countries before the war, and the neutrality act of the United States, after the war started. We see now the damage she has been able to do to our shipping on the Atlantic.

I hope the committee will adjourn over the holidays until we resume. I believe that under our system of responsible government the responsibility of the conduct of the whole war is upon the government of the day and no one else, so long as they are the government of the day. They cannot delegate it to committees or others. They are responsible. Hon. gentlemen opposite have 178 seats in this house, and the responsibility is upon them to inform the people of Canada what is happening and not send out this partisan propaganda in the form of speeches, booklets and pamphlets, and also by spokesmen over the radio and by other agencies, or to delegate it to committees of the house. These means are taken to prevent the people of Canada from learning the truth, from seeing the real picture, from realizing how dangerous this war is to civilization and not letting them know the facts. We do not seem to realize that. The people of Canada have not yet awakened to the situation. The war is coming closer. Germany is ready to make any sacrifice if she can despoil the British empire. That is her goal. Hitlerism is simply a modern version of the imperialism of William II and the nationalism of Bismarck. Germany for three generations has sought to destroy Britain. It is her goal of world hegemony. It is her greatest prize. She seeks the ruin and destruction of the mother country and our empire and all it stands for. And Britain goes it all alone so far; help may come from the United States too late, or from Canada.

The present German savagery is the greatest manifestation of banditry since Frederick the Great. Hitlerism is gangsterism *in excelsis*. The German nation is desirous of conquering Canada and destroying our empire and Britain. She envies our natural resources. She is desirous of carrying the war to Canada, and what Hitler does is backed up by 99 per cent of the German people. Are we to stand still while all this is going on? I say no. The government has done a great deal of good work and some admirable work, and I am prepared to give it any credit for what it has done. But it has not gone far enough. We should go still further in view of the grave danger that is daily coming nearer to our shores. Everybody wants to help the government. The only desire of the people of Canada is to win the war. The war is Canada's first and only business, and we want a full, not a partial effort.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the purpose of nearly all committees is to keep members out of mischief. Of course the idea is to give them plenty of work to do so that they are good fellows during the session. But I wonder what committee has been really useful since first I became a member of parliament? Nevertheless members have worked hard on committees, have toiled long days and have spent sometimes restless evenings, and far into the night, trying to get some deep knowledge of the matters submitted for their consideration.

I join with other members who have spoken in complimenting the chairman of the committee (Mr. Thorson), the chairman of the subcommittees and the members of the committee for their painstaking efforts.

I am very glad to follow in this debate my good friend the hon. member for Broadview (Mr. Church), who is one of the most popular members of the house. He has always been known as the soldier's friend, and I am sure that he could serve in any capacity with very good results for the state if his services

should be required by the government. All his life he has been interested in soldiers' problems. He has done a great deal for the soldiers. He has the added distinction of having been mayor of one of the largest cities of Canada for the longest period during the war.

The committee whose report we are considering was appointed to examine into war expenditures. Before the chairman had finished his address this morning I sent him a note asking him what his definition of war expenditures was. It could be very broad, of course, if we were to take in all expenditures made for the war and the financial business that is done by this government or the Bank of Canada, or the foreign exchange control board for the government of Great Britain, and if other similar bodies were to be taken into account. But I shall not go as far as that to-day. I will be good and take the report itself only.

The chairman of the committee said that this was not an ordinary committee but an extraordinary committee. Its scope was defined in the formation of three subcommittees. At page 447 of the *Votes and Proceedings* of June 4, which contains the report of the committee, the Department of Munitions and Supply is mentioned as a central purchasing agency for the three departments of national defence, army, navy and air, and we are told that the committee had reviewed "the various checks and controls in the matter of cost accounting that are exercised". The checks must be departmental. Control is the function of parliament, the House of Commons and the Senate, which is totally ignored in this report.

The report goes on to state that the committee has studied "the manner in which the purchasing organization within the department is set up and functions and a general exploration of (1) the existing checks, (2) controls, (3) care and (4) supervision in the matter of procuring necessary munitions and supplies."

The report goes on to say:

> Your committee next made a general review of the subjects of inspection of and payment for munitions and supplies.

Inspection, of course, is by the department concerned, and payment is by the Department of Finance. Then follows a sentence which is commonplace:

> The object of inspection of munitions and supplies is to ensure that the goods supplied are fit for his majesty's service.

That is evident, and therefore, I shall not insist upon it. It goes on:

> It is essential therefore that this function should be performed by persons independent of either of the contracting parties.

[Mr. Pouliot.]

Meaning that the check should be made by somebody who has not sold something to the department or by one who is not in the department itself. That is very good; I agree with that. That is the case with parliament. Parliament is independent of all these people who buy and sell. If parliament had taken heed of what was said at the time of the creation of the national defence purchasing board we would not be in a mess like this to-day. Why was the Department of National Defence mutilated when Mr. Dunning as Minister of Finance put the national purchasing board under his control. I was the only one who stood up against that proposal. *Saturday Night*, which has no colour now, said, "Pouliot is a Liberal." I saw what was coming, and I thought it absurd to put the national defence purchasing board, which comprised all purchasing agencies of the Department of National Defence, under the control of the Minister of Finance. It was a crime. So much so, that afterwards the department of munitions was created. The national defence purchasing board travelled from the Department of National Defence to the office of the Minister of Finance, and from the office of the Minister of Finance to the office of the Minister of Transport. Then a new department was created, that of Munitions and Supply, which is neither man nor woman—it is an Auvergnat. Here we are, in a complete mess.

Moreover, the committee has not seen that in the view of the house what was necessary was to check, not the Department of National Defence, not the Department of National Defence for Air, not the Department of National Defence for Naval Services, but this very Department of Munitions and Supply. But that was not done. Here we have a minister who buys everything for every branch of the army upon requisition, and delivers it, and what we are interested to know is what happens from the time the requisition is received by the Department of Munitions and Supply and the time the goods are delivered to any branch of the defence department. That is the interesting part, but nobody thought of that in the committee. The thing was so organized that the attention of the members was distracted by something else. Why did the members of the committee not look in the first place at the set-up of the Department of Munitions and Supply, which is on record in *Hansard*? They could see that it is chaos—chaos from beginning to end. When I asked for information I could not get it. What I find most strange is that

the chairman, in his second report—I quote from page 458 of the *Votes and Proceedings*—said:

> It should also be noted that reliable statistical records are essential as a background for adequate financial control and the future policy and programme of the department.

Of course. I agree with him in that.

> It is therefore the opinion of the subcommittee that such essential statistical records should also be under the jurisdiction of the deputy minister.

All right. I am for that. But there is something which is more important: it is that every cent of expenditure should be submitted to every member of the house; in the first place, in the report of the auditor general, which is the public accounts; and when any hon. member asks for information he should get it at once. The government would have much less information to give privately to hon. members if that were done. No provincial body, no municipal council, no school board, no public organization of any kind could stand if that information were not available to all without being asked for, as it has been for centuries past in England, and as it was for a century in Canada since responsible government was established.

I have taken the trouble to check this report from page to page. As has been stated, there are three subcommittees, one for air, one for medical, dental and hospitalization services, food supplies, and buildings construction, and one for headquarters establishments and financial controls. I will consider these in turn.

The committee itself started to work on March 12. From that date until April 8 it spent its time on organization; several meetings were devoted to this subject only. In a second period extending from April 30 to May 5 the committee prepared an agenda. From May 5 to June 4—the third period—some witnesses were heard in camera and this report was prepared. Now look at this, on page 448 of the *Votes and Proceedings,* which are before every hon. member.

No. 1 subcommittee was appointed to inquire into the following matters: (a) Contracts. Not contracts with other countries—no; "contracts with civilian flying clubs, associations or companies; (b) Airports, aerodromes and air force building construction, specifications and designs for such projects and inspection thereof during construction." That is all.

What was done with the British commonwealth air training plan? It was never submitted to the House of Commons. Hon. members were not trusted to take cognizance of that plan. Many times the government was asked to submit it to parliament for further consideration, but the request was refused. But how can this committee on expenditures study the question of air services without seeing that plan, which is the basis of our air effort? Perhaps members of the committee have had the opportunity to see it, but it was definitely refused to members of the House of Commons, and it was because the leader of the opposition (Mr. Hanson) made a slight reference to it that the air minister (Mr. Power) said that "Hitler was his last recruit." It was a secret. But how can members of the committee be familiar with the whole air effort of Canada without seeing that plan? And if the members of the subcommittee have every opportunity to read that contract and study it and get information on it, how is it that hon. members who do not belong to the subcommittee or the committee have not had a similar opportunity? With all the respect I have for the hon. members who compose the subcommittee on air, I say that the study made by it is worthless.

I come to the second subcommittee, for war: (a) medical, dental and hospitalization services in the army, navy and air force. That is an essential study. (b) Food supplies for the forces, inspection thereof, catering and salvaging of waste. There is no mention of clothing in the powers which are given to the subcommittee. Although the subcommittee reached a decision on clothing it was not empowered to do so at the time it was created, but it decided upon it just the same. And here, sir, you will be plainly astonished. I remember the day of the funeral of the late Hon. Norman Rogers—a year ago—and I was scandalized to see battalions there who had no rifles, although according to the king's regulations no soldier shall attend a funeral in uniform without carrying his own rifle. There were perhaps a few soldiers who had rifles; most of them had none. It is important that we have some information about munitions and about equipment, not merely about food. It is essential that soldiers shall be well fed and well looked after, but it is essential also that they shall be well equipped and well armed. I have asked consistently about this matter in the house without getting a decent answer from the Minister of National Defence (Mr. Ralston).

So, there is no question of clothing, and moreover, no question of ammunition, because ammunition is under the direct control of the Department of Munitions and Supply, and it was left aside. I wonder whether the chairman of the committee did not have instructions from the Minister of Munitions and Supply (Mr. Howe) not to touch that department.

Mr. THORSON: I may inform the hon. member that the chairman had no instructions from the Minister of Munitions and Supply or from anybody else.

Mr. POULIOT: I will ask the hon. member to sit down. I do not want him to speak at all at this time. He will reply in due course. I do not want to be interrupted by anybody. My time is short and I have a lot to say.

How is it that this committee has not touched the subject of munitions? How is it that the committee has not touched the matter of equipment, except to speak of old boots and old clothes which belonged to the soldiers? Of course people have a right to know these things when they subscribe to the victory loan, as I have advocated that they do on many occasions, when I spoke in favour of it at Rivière du Loup a week ago and also last Sunday at Isle-Verte, which was formerly the chief town of my county. I am here in parliament on duty and not for my own pleasure. It would be much more pleasurable to me to be at home to-day. I want to speak freely, and I claim the same freedom that the Prime Minister (Mr. Mackenzie King), had during the war, when he was the editor of the "Liberal Monthly," and as any other Liberal members had during the war, and I am speaking on behalf of my people. Nobody will prevent me from saying what I want to say for the protection of the soldiers and in the interests of my own people.

The third subject of inquiry of the second subcommittee is army and navy buildings construction. Nothing about construction for the Department of Munitions and Supply; only for the army and navy. Why does not the Department of Munitions and Supply get into the picture so that we can scrutinize as through a magnifying glass all the expenditures which are made there? No answer. Nothing is said. Note also that there is nothing about construction for the air service; no questions about the building of aerodromes, except for civilian flying clubs, etc. No, not at all; just the army and navy. Of course, the soldiers are under canvas most of the time. They are in camps, they have just tents, which are not very expensive; that is the lodging of many soldiers during the summer. It seems to me it would have been vital to get some information with regard to construction for the department of air, but the answer would have been that aerodromes do not come under the department of air but under the department of transport and therefore we cannot scrutinize that. A subcommittee was set up with regard to financial control over army, navy and air force expenditures—headquarters establishments and pay and allowances. This report is bilingual, even in the English text, because there are some Latin words in that text such as "syllabus" and "honorarium". My knowledge of the English language is limited, and I did not know what the word "establishment" meant. I had to look it up in the dictionary. I find that establishment means: Church system, established by law; organized body of men maintained for a purpose, as army, navy, civil service. This is the first time I knew that. Other members who knew it before were more fortunate than I am; those who did not know it have now the same advantage that I enjoy after reading that excellent, non-controversial book—the dictionary.

Let me ask this question: Why were the sittings of the committee in camera? The answer is given at page 448 of *Votes and Proceedings*. I quote:

> It was the opinion of your committee that its members would obtain a freer expression of opinion from persons appearing before the subcommittee if the sittings were held in camera than if they were open sittings.

Expressions of opinion! Expressions of opinion where you can have people swearing at each other and contradicting themselves all the time. But the course with the ordinary witness is to have that witness take an oath and tell the truth, stating the facts. That would be the ordinary course, and then it would be up to the members of the committee to decide what conclusions should be reached after reviewing all the facts. It is not simply the knowledge of a lawyer, it is the knowledge of every man who has attended one sitting of a court, that witnesses are not there to deliver lectures. And the witnesses that appear before the committee should be there to inform the members of the committee as to the facts which those members have a right to ask for and decide upon later on.

This was done during the last war. My hon. friend the member for Lake Centre said something really appropriate. During the great war the committee that sat was not a committee like this one but the public accounts committee and everything was open. Miss McAdam's shovel came out of it; old horses, butter and all the rest of it; but after it was all over it had a very good effect: it prevented others from doing likewise and people were more careful. So long as people are protected by silence you can expect anything. I do not see why this committee has been sitting in camera. What can we know? We know only what is disclosed to us. We do not know anything about the evidence given before the committee; nothing is quoted. The only thing they say is that the quartermaster-general

appeared before the committee to tell a little story; that is all. There is nothing with regard to the essential thing, which is the commonwealth air training plan. That is not revealed to us. The committee has not studied that contract, it has not studied contracts with any other dominion with regard to air, but only what I would call subcontracts with civilian flying clubs, associations or companies; if it did, we are not informed about it.

With regard to elementary flying training schools, I find the following on page 449 of *Votes and Proceedings*:

> The subcommittee has been informed that these companies are organized on a non-profit sharing basis as to all common stock and that their preferred stock, which is limited to $35,000, is restricted to a 5 per cent dividend annually. The practice has been for public spirited citizens, service clubs and municipal bodies—

I think that should read municipal bodies, service clubs and public-spirited citizens, in the third place.

> —to raise the $35,000 required, and in some instances the money has been made available for this purpose without interest. The intention of the plan is that after payment of 5 per cent on $35,000 of preferred stock all profits which accrue from the operation of the elementary flying training schools will be the property of the flying clubs to enable them to sponsor civilian flying and generally to give leadership to civilian aviation after the war.

This is not a war project but an after-war project, and you will see how it works.

> Under the form of agreement between the operating companies and the crown the latter provides buildings, aerodromes and all necessary equipment including aeroplanes and recompenses the company for their services under four heads, namely, management, operation and maintenance, flying hour costs and messing costs. Of these, management and messing costs are fixed, while operation and maintenance and flying hour costs are adjustable each twenty-four weeks, based upon experience.

And so forth. I have not the time to read it all, but I would call attention to pages 449 and 450. There are two payments, fifty cents per flying hour and 25 per cent of any residue that may exist in operation and maintenance and in allowance for flying hours, gas and oil, at the expiry of the contract. The crash reserve residue reverts to the crown. The report states:

> The operating companies have voluntarily surrendered 50 per cent of the flying hour profits as from the time the intake of pupils was increased from 48 to 70.

That is for public-spirited citizens.

> Increased intake of pupils naturally tends towards increased flying hours and an appreciable decrease in overhead costs per flying hour. The monthly profits of the said companies range from $318.32 to $942.54.

There is no average monthly profit quoted in the report. Here we see the difference between estimated cost in operating elementary flying training schools, on the basis of target price, $982 per pupil, and the actual cost to the crown as of March 31, 1941, which was $864. The difference between what is paid the elementary schools and what it costs the crown to train a young airman is $117.96. If there are forty-eight pupils this difference represents an amount of $5,664; if there are seventy pupils the difference is $8,260, which represents the profit made by the school. If the investment is $35,000 and it is not possible to make more than five per cent profit on the paid up capital, that interest would amount to only $1,750 but the return to the company runs from $5,664 to $8,260. There are other sources of profit, as hon. members will observe, but the minimum yearly profit is $3,816, while the maximum is $11,088, the monthly figures being multiplied by twelve. The report does not deal with air observer schools or airports, aerodromes, air force buildings, and so on; that will come later, because the committee has not had time to deal with those matters.

The second subcommittee was to study medical, dental and hospitalization services in the three branches of the service; the construction of army and navy buildings; food supplies for the forces, the inspection thereof, catering and salvaging of waste. The report states:

> The plan of inquiry was to secure from the proper departmental officials the system of operation and control in regard to these matters—

This is information which is denied ordinary members of parliament.

> —and to inquire as to how these departmental rules and regulations were being applied and carried out in military establishments in and adjacent to Ottawa.

According to the report these matters were not studied at any point other than Ottawa. Then listen to this paragraph, at the bottom on page 451:

> The present ration list is largely the result of recommendations made by a committee of expert advisers on nutrition, dietetics, hygiene, household science, agriculture, etc., under the National Research Council.

Pork and beans made scientifically! The report proceeds:

> Specifications of each item have been carefully prepared in the quartermaster-general branch and these are furnished to each firm or individual invited to tender.

And then:

> The officers in charge of supplies at these depots make their demands on contractors in accordance with their immediate requirements.

What contractors? Who are they? No one knows; the committee did not inquire into that point. How do we reach the man who is the contractor? How do we reach the man who is the go-between for a department? Then the report goes on to say that inspectors go into the meat supply houses and stamp the carcasses with the letters "D.N.D." meaning Department of National Defence, but it is not the Department of National Defence; it is the Department of Agriculture that does it. There is no economy in that. It is an economic fiction. Then this committee went to Petawawa; they had a Cook's tour there and found everything O.K. in the whole country because they had seen Petawawa.

Then there is a reference to the orderly system. I do not wish to abuse your patience, Mr. Speaker, but just listen to this:

> One decided improvement was noted by the subcommittee at Petawawa. The "orderly" system of messing is used there and in the opinion of the committee is a marked improvement over the "cafeteria" method. It permits of a much more inviting service of food and should assist in minimizing food waste from the tables.

An hon. MEMBER: Oh, oh.

Mr. POULIOT: You laugh; I laugh, too, because I find it very amusing. Then there are other considerations. The subcommittee confined its inquiry to the salvage of food waste and containers and did not deal with other matters under the heading of salvage of waste. But this is the recommendation:

> It recommends that the general committee enlarge the subject matter of inquiry under this head to include all items of salvage including foodstuffs, oil, boots and leather goods, clothing, lumber, containers and other worn-out or cast off material.

The committee did not give the subcommittee authority to deal with the matter of clothing, but here they deal with clothes as "garbage." It is not garbage; it can be used. There are poor people who do not receive any unemployment relief who could use this clothing. I obtained a certain quantity of worn-out military clothing which was distributed to the unemployed of my town and the settlers of my district on New Year's eve. It made these people very happy, and they gave thanks to the Minister of National Defence, the personnel of the department, the Prime Minister and all the members of the government for the charity they received from that department. Their little children could not go outside in the winter time because they had no clothes; they were unable to attend school, and these worn-out articles meant a great deal to them. But since this committee has been sitting it has been impossible to get anything from the department, because these Solomons have not yet reached a decision. They have had no time to study these matters.

According to this report the committee has studied the question of the distinction between civilian and service responsibility. Of course the responsibility is undivided. It makes no difference whether the books of the Department of National Defence are kept by men in civilian clothes or men in uniform; all these people are responsible to parliament, and it is up to parliament to decide what should be done. They are responsible under the authority of the minister, so that any distinction between service and civilian personnel is ridiculous. Of course the taxpayer usually is a civilian. I made the statement in the house that it was ridiculous to see men in several departments, especially in the Department of National Defence for Air, rendering civilian services but wearing uniforms and therefore receiving extra pay and allowances. The report mentions that matter and agrees with what I said. That is the good side of the report; I have not time to quote it verbatim, but every hon. member has read it.

We should get back to the policy under which the minister was responsible for all purchases made by his department. That is necessary. Ask the Minister of National Defence; he will not deny it. He is not responsible now; all purchases are made by the Department of Munitions and Supply. The minister cannot buy a cap or a badge for his department with public money. He has to go through all the red tape of the Department of Munitions and Supply, which he finds very embarrassing. Formerly the minister had full responsibility; that has been all changed, but I believe we should go back to the sound policy under which the minister was responsible to parliament for what was done by his department. That is all I have been asking from him. I do not wish to cause the minister any trouble, but I want him to be true to the parliamentary practice of many years ago,—the parliamentary practice that he supported until he came to act in this government for the last time. Every one knows it. It is the policy of Joe Howe, it is the policy of Blake—it is the policy of all Liberals, and not only of Liberals, but it was the policy of Sir John A. Macdonald. It was the policy of those who consider government something other than a corporate body. That is all.

I urge each one of my esteemed colleagues in the house to take the trouble to look at the report between pages 454 and 459 in the *Votes and Proceedings*, and he will realize what was in the head of the chairman when he dictated or wrote those lines. I have great

esteem for the chairman of the committee, although I do not always agree with him, and I do not wish him to interrupt me. But the chairman could not find his way through, he could not find his way clear; he could not understand that system of departments suffering from elephantiasis, or big feet,—big feet that fall in corruption. When any hon. member reads the report he will see there is something wrong, and that an operation is necessary and urgent.

Of course, it is said with the precaution one takes when he does not want to hurt anybody. But if people have chosen to have military uniforms put on their backs, for profit, and for being better paid, then I do not see why the Minister of National Defence (Mr. Ralston) does not transfer them at once to the army, so that they may fill the ranks for the filling of which he is calling 32,000 men. They should be the first to go. They have been wearing the uniform for some time, and they have been getting more money than they would have been entitled to, had they not been wearing the uniform; therefore those people, if they are not cowards, should enlist at once in the real service of Canada. I do not think there is a single hon. member who will oppose me on that. These people have been parading the streets of Ottawa in military uniforms. I say they should parade in tanks, in the same uniforms. Then the state could pay them for military service, and not for military service under false pretences. I am referring of course to purely civilian services rendered by those in uniform.

This must be the reason why the chairman's report is obscure. He did not go farther and say all to the minister. He wanted to be mellow and to use white gloves. But I say brutally what he said in a certain form of language which I do not possess.

In conclusion, what is the use of discussing this matter when we have no detailed estimates from the Ottawa offices of the three war departments? They are only bulk estimates. We have no information—all these matters are of great importance. We have not the scales with which to weigh them. The only scale is the exact expenditure, and we do not have a record of it. We have no information, either, about the Department of Munitions and Supply. I said that when the minister was not in the chamber, and I repeat it now that he is here. How is it that the committee did not get any information as to armaments? Even if it was secret, we should have had the satisfaction of knowing that the committee had information about it. Why did it not get information about clothing? Why did it not get information about construction for the air service?

All this reminds me of one thing. Once I visited Holyrood castle, and while there I visited the room, which, I was told, was Mary Stuart's. The attendant said, "This was her bed." After a while he told me, "No, this was not her bed; it is another bed, but it stands in the same place as her bed stood originally." That is the story of the report. This is not a report of expenditures. The expenditures are made by the Department of Munitions and Supply, and from the smile on the minister's face, it would seem he knows that is true. Neither the Minister of National Defence, proper, nor the Minister of National Defence for Naval Services (Mr. Macdonald), nor the Minister of National Defence for Air (Mr. Power), could spend a cent without having the requisition first passed through the Department of Munitions and Supply. Purchases are made by the Department of Munitions and Supply, but payments are made by the Department of Finance. Therefore I say the Minister of National Defence, proper, and his two colleagues, and the other war ministers, are out of the picture completely. One of them may write a small requisition,—"I want a hundred uniforms." That is handed to the Department of Munitions and Supply. That department calls for tenders, or the order is given to a contractor or to a tailor. The goods are then sent to the Department of National Defence, or to the Department of National Defence for Air or the Department of National Defence for Naval Services. When they reach there, I presume another form is sent to the Department of Munitions and Supply, and that department in turn gets in touch with the Department of Finance. Then the Department of Finance makes the payment. Has any hon. member ever seen anything like that?

I should like the Minister of National Defence (Mr. Ralston) to be in a position to feed the soldiers, et cetera. I should like him to be responsible for the payments connected with all purchases of food, clothing and munitions. I should like his colleagues in the departments of National Defence for Naval Services and National Defence for Air to be able to do the same. Although the minister who until recently headed the Department of National War Services is no longer head of that department, I should like his successor to do likewise, so that we in the House of Commons would know with whom we would have to deal. In passing I would say that the Department of Munitions and Supply should be abolished, and the minister of that department should be made Minister of National War Services, if such is found necessary.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, unfortunately the hon. member from this group who served on the war expenditures committee felt it necessary to leave, because of illness at his home. Therefore it becomes my duty to pinch-hit for him. Not having attended the meetings of the committee, I am not in a position to pronounce in any way upon the efficiency, thoroughness, spirit and all those fine things which up to the present time have been commended. I assume statements which have been made in this connection are all accurate.

I shall devote my attention to the general idea of having such a committee, and to making such observations as would seem to be fitting in connection with the establishment and maintenance of such a committee of the house at this time. I believe the idea of having the committee is good. Judging from what I have heard from our member on that committee I do not think I am immoderate when I say that the committee has done good work and will justify its existence.

In the first place, Canada wants no profiteers. I think one of the most malodorous relics of the previous war was the number of millionaires and profiteers which was created at the expense of the people of Canada. It is my settled opinion that Canada has never recovered from the maladjustments in her social, economic and financial structures induced by the abuses of the last war. We want no repetition of those abuses. I am not disposed to be ultra-critical of the government which conducted the last war, I just leave what I have said as I have said it.

In this war the number of orders is bewilderingly large. If the problems connected with getting material fabricated and delivered during the last war constituted a headache, then I think the problems connected with the task in this war must create a super-headache. To the ordinary citizen and the ordinary member of parliament the whole thing is simply beyond comprehension.

Again, the nature of the orders is forbiddingly complex. When listening to reports from our representative I have wondered how such a committee, constituted as it was and even sitting once a day, could possibly adequately examine a sufficient number of accounts to enable it to do the kind of work which we all wish it to do. I am not able to answer that question; I am going to leave it unanswered. But I think it constitutes a third reason why we need a committee of this sort.

To most Canadians war manufacturing is very remote. For example, the people in the prairie provinces hear about it as something going on in a far-away country. In order to indicate how large and complex and remote this whole problem has become, and for the benefit of people in the country who read *Hansard*, I should like to place upon the record a document which came to my office only this morning. I believe it will be an interesting relic in the years to come, showing as it does the colossal task with which the Minister of Munitions and Supply (Mr. Howe), the Minister of Finance (Mr. Ilsley), and the other ministers involved must grapple. This document is as follows:

Department of Munitions and Supply

For release
After 8.00 p.m., E.D.S.T.,
June 8, 1941.

M. & S. No. 349

Ottawa, June—Contracts awarded during the week ending May 30, by the Department of Munitions and Supply, numbered 2,671 and totalled $16,446,254, according to an announcement made to-day.

The contracts of over $5,000 issued during the week were as follows:

Foodstuffs—	
Oxo (Canada) Ltd., Montreal, Que	$ 7,158
Libby, McNeill & Libby of Canada, Ltd., Chatham, Ont	12,487
R. Smith & Co. Ltd., Winnipeg, Man	25,000
Clothing—	
Stanfields, Limited, Truro, N.S	34,500
Maritime Pant Mfg. Co., Ltd., Amherst, N.S	22,677
Fergusson Atlantic Underwear, Ltd., Moncton, N.B	69,862
J. A. & M. Cote, Ltd., St. Hyacinthe, Que	5,116
Knitters Limited, Marieville, Que	15,300
Canadian Knitting Reg'd., Joliette, Que	25,875
Northern Woollen Mills Ltd., Joliette, Que	34,500
Acme Glove Works Ltd., Montreal, Que	8,107
Montreal Suspenders and Umbrellas, Ltd., Montreal, Que	29,370
Hanson's Woollen Mills, Hull, Que	66,240
Eaton Knitting Co. Ltd., Ottawa, Ont	6,900
Eaton Knitting Co. Ltd., Ottawa, Ont	24,150
C. H. Petch, Ottawa, Ont	5,024
Burritts Rapids Woollen Mills Ltd., Burritts Rapids, Ont	15,525
Brampton Knitting Mills, Brampton, Ont	34,500
Brill Hosiery Mills, Georgetown, Ont	7,935

May I interrupt here in an attempt to provide a little interest as I go through this list? In my judgment it is an extremely important matter that members of this house should note, as this list is being read, the small number and meagre size of the orders that go to any one of the four western provinces and to any one of the three maritime provinces. Far be it from me to say anything that would in any way offend our friends of the two central provinces, but I believe it should be pointed out over and over again that there is something wrong here in Canada. If this process continues for a number of years, the result will be serious in the extreme. I continue with the list:

Personal equipment—	
J. Rodger Binks, Ottawa, Ontario	$ 9,936
Viceroy Manufacturing Company, Limited, Toronto. Ontario	9,760
Robert Soper, Limited, Hamilton, Ontario	21,527
Kitchen and dining-room equipment—	
Cassidy's Limited, Ottawa, Ontario	17,817
Berkel Products Company, Limited, Toronto, Ontario	16,785
Beatty Brothers, Limited, Fergus, Ontario	12,183
Westwoods Limited, Winnipeg, Manitoba	22,630
Beds and bedding—	
Simmons, Limited, Montreal, Que	6,610
Canada Comforter Co., Toronto, Ont	11,980
Tentage and other canvas goods—	
Woods Mfg. Co. Ltd., Montreal, Que	15,228
Robert Soper, Ltd., Hamilton, Ont	7,737
Barrack services—	
Clayton & Sons, Ltd., Halifax, N.S	200,000
Mr. E. Ludlow, Everett, Ont	5,616
Rumford Limited, Winnipeg, Man	9,800
Sanitary supplies—	
Dominion Textile Co. Ltd., Montreal, Que	13,650
Shipbuilding—	
St. John Dry Dock & Shipbuilding Co. Ltd., Saint John, N.B	68,000
Whitehead Metal Products Co. of Canada Ltd., Toronto, Ont	77,976
Russel Bros. Ltd., Owen Sound, Ont	12,675
Dockyard stores—	
Dominion Rubber Co., Ltd., Montreal, Que	5,138
Horton Steel Works Ltd., Toronto, Ont	25,263
Canada Foundries & Forgings, Ltd., Welland, Ont	6,183
Hammant Steel Car & Engineering Works, Hamilton, Ont	7,672
Instruments (technical)—	
Dominion Electric Protection Co., Montreal, Que	7,500
Dominion Electric Protection Co., Montreal, Que	12,000
Dominion Electric Protection Co., Montreal, Que	28,365
Dominion Electric Protection Co., Montreal, Que	45,385
Kelvin, Bottomley & Baird (Canada) Ltd., Montreal, Que	5,552
Northern Electric Co. Ltd., Ottawa, Ont	48,108
Research Enterprises Ltd., Toronto, Ont	381,810
Medical and dental stores—	
Johnson & Johnson Ltd., Montreal, Que	11,819
Smith & Nephew Limited, Montreal, Que	7,376
Bauer & Black Ltd., Toronto, Ont	8,510
J. L. Morton & Co. Ltd., Winnipeg, Man	5,875
Land transport—	
Geo. W. Reed & Co. Ltd., Montreal, Que	13,680
International Harvester Co. of Canada Ltd., Ottawa, Ont	5,517
International Harvester Co. of Canada, Ltd., Ottawa, Ont	40,941
Metallic Roofing Co. of Canada Ltd., Ottawa, Ont	19,334
General Motors Products of Canada Ltd., Oshawa, Ont	24,037

Notice how rarely the name of any province appears except the two central provinces. I should like to turn this over to *Hansard* to have the rest of the list put on record, but I believe it will be good for the ears of the members from the two central provinces and the other provinces to hear the list read.

Mr. MacINNIS: It is music to their ears.

Mr. BLACKMORE: I continue:

Land transport—*Continued*	
General Motors Products of Canada Ltd., Oshawa, Ont.	$ 33,282
General Motors Products of Canada Ltd., Oshawa, Ont.	33,282
General Motors Products of Canada Ltd., Oshawa, Ont.	186,749
Goodyear Tire & Rubber Co. of Canada Ltd., New Toronto, Ont.	34,001
Metallic Roofing Co. of Canada Ltd., Toronto, Ont.	7,278
Ross Cycle & Sports Ltd., Toronto, Ont.	13,924
Firestone Tire & Rubber Co. of Canada Ltd., Hamilton, Ont.	11,137
Canadian Top & Body Corp. Ltd., Tilbury, Ont.	10,260
Canadian Brown Steel Tank Co., Ltd., Brandon, Man.	23,112
Richardson Road Machinery Co. Ltd., Saskatoon, Sask.	121,660
Aircraft—	
Air Ministry, England	40,000
Canadian SKF Co., Ltd., Montreal, Que.	76,113
D. K. McLaren Limited, Montreal, Que.	5,100
Noorduyn Aviation Limited, Montreal, Que.	10,411
Noorduyn Aviation Limited, Montreal, Que.	22,186
Switlik Canadian Parachute Ltd., Montreal, Que.	16,159
J. H. Connor & Son, Ltd., Ottawa, Ont.	38,226
Irvin Air Chute Ltd., Ottawa, Ont.	10,277
Irvin Air Chute Ltd., Ottawa, Ont.	10,277
George W. Reed & Co., Ltd., Ottawa, Ont.	8,100
George W. Reed & Co., Ltd., Ottawa, Ont.	10,260
S. & S. Aircraft Ltd., Ottawa, Ont.	31,421
The Steel Co. of Canada, Ltd., Ottawa, Ont.	142,229
Belleville Foundries, Ltd., Belleville, Ont.	6,966
R. Laidlaw Lumber Co., Ltd., Toronto, Ont.	73,008
Fleet Aircraft Ltd., Fort Erie, Ont.	11,835
Standard Machine Works, Winnipeg, Man.	5,670
Prairie Airways Ltd., Moose Jaw, Sask.	14,155
MacKenzie Air Service Ltd., Edmonton, Alta.	35,184
Precision Machine & Foundry Ltd., Calgary, Alta.	9,790
Boeing Aircraft of Canada Ltd., Vancouver, B.C.	6,071
Electrical equipment—	
British Admiralty, England	20,000
Bepco (Canada) Ltd., Montreal, Que.	6,078
Canadian Marconi Co., Montreal, Que.	5,391
Superior Fixtures Co. Reg'd., Montreal, Que.	16,934
Canadian General Electric Co. Ltd., Ottawa, Ont.	6,722
Vancouver Radio Laboratories Ltd., Vancouver, B.C.	5,935
Gasoline, oil and fuel—	
R. E. Archibald Co. Ltd., Halifax, N.S.	19,520
Irving Oil Co. Ltd., Saint John, N.B.	5,550
Irving Oil Co. Ltd., Saint John, N.B.	7,400
E. S. Chartier & Cie., Enr'g., Quebec, Que.	57,050
McColl-Frontenac Oil Co. Ltd., Eastview, Ont.	13,314
McColl-Frontenac Oil Co. Ltd., Eastview, Ont.	14,168
McColl-Frontenac Oil Co. Ltd., Eastview, Ont.	154,000
British American Oil Co. Ltd., Ottawa, Ont.	7,084
British American Oil Co. Ltd., Ottawa, Ont.	9,634
British American Oil Co. Ltd., Ottawa, Ont.	13,314
British American Oil Co. Ltd., Ottawa, Ont.	126,000
Canadian Oil Companies Ltd., Toronto, Ont.	8,250
Canadian Oil Companies Ltd., Toronto, Ont.	8,525
Shell Oil Co. of Canada Ltd., Toronto, Ont.	144,000
Anglo-Canadian Oils Limited, Brandon, Man.	7,960
Machinery—	
Canadian Fairbanks-Morse Co. Ltd., Ottawa, Ont.	7,281
Dominion Chain Co., Ltd., Niagara Falls, Ont.	7,910
Tools—	
Precision Tool Works Ltd., Toronto, Ont.	5,378
Fire fighting equipment—	
LaFrance Fire Engine & Foamite Co. Ltd., Toronto, Ont.	53,727
Construction and defence projects—	
H. J. McFarland Construction Co., Picton, Ont.	7,426
Turnbull Elevator Co. Ltd., Toronto, Ont.	6,855
Cross Supplies and Paving Limited, Windsor, Ont.	16,248
Ordnance—	
The Hall Machinery Co., Sherbrooke, Que.	11,370
John Inglis Co., Ltd., Toronto, Ont.	190,000
John Inglis Co., Ltd., Toronto, Ont.	350,000
John Inglis Co., Ltd., Toronto, Ont.	480,000
John Inglis Co., Ltd., Toronto, Ont.	2,800,000
Munitions—	
Dominion Arsenals, Ottawa, Ont.	24,000
Dominion Arsenals, Ottawa, Ont.	256,200
Dominion Arsenals, Ottawa, Ont.	3,500,000
W. H. Banfield Son, Ltd., Toronto, Ont.	20,093
U. S. orders	2,921,332

I apologize, Mr. Speaker, for having taken up so much time and having more or less bored the house by reading this long list, but I believe it has a significance which the Minister of Finance and the other members of the cabinet can ill afford to ignore. You can see why this whole manufacturing and ordering business is more or less strange to people in most of the provinces. As a matter of fact, two provinces are gathering all the plums and seven others are not, and I submit that as a fourth reason why we need this committee.

Another reason is that for a great many Canadians there is no hope of profit or even financial or economic gain from these contracts, but only the privilege of "paying the shot". I noticed that in that list there were very few orders for seven of the provinces; members will recall that the provinces that were luckless in getting orders are primarily agricultural provinces. The ruinous policy with respect to agriculture which is being pursued by the dominion government of to-day is adding a good deal more than insult to injury to these seven provinces while they are suffering from these other disadvantages. Just the same, those provinces are obliged to pay all these impositions which we have been discussing under the budget. They all have to pay all the impositions as a result of the tariff structure of this country. They are all suffering from inequitable freight rates. They are all called upon to give their quota of loans. They are all expected to give their quota of enlisted men. That, I submit, is a matter worthy of attention.

Another reason why this committee ought to be proceeded with is that people, in order to fight successfully, have to build up an emotional attitude which makes them think primarily of the safety of the state, and think in terms of patriotism. When one is in a mood like that he is not likely to be quite so critical of what is going on in a business way. It is all the more necessary that there should be a committee here looking after the interests of the people who are being encouraged to develop that emotional attitude of patriotism. Always there are certain ones who think only in terms of dollars and cents.

The great body of the Canadian people may be likened to the farm hands who have to do the chores, the rough, hard, exacting work out in the wind and weather. They need someone in the kitchen, watchful to see that they get their share of the cream and pie; someone alert at the wicket to see that they get their share of the deeds and the dollars. This committee should serve as that someone watching in the kitchen, watching at the wicket.

Up to the present time the committee has not, perhaps, considered it one of its duties to exert some influence on the minister with respect to the placing of war orders. But, I submit, if the economic life of this dominion is to be preserved in anything like a sound condition, careful attention must be paid to this tendency to raise great loans and heavy taxes from seven of the provinces, to be spent in two of the provinces.

Of what the committee has already done I have no criticism to offer. But it does occur to me that the committee should be enlarged and it should be modified with respect to numbers. They tell me that there are on this committee, 18 Liberals, two Conservatives—

Mr. MacINNIS: Four Conservatives.

Mr. BLACKMORE: Four Conservatives—I am glad to be corrected—one Social Crediter and one representative of the Cooperative Commonwealth Federation. I submit that the numbers of members of the various parties on that committee open the committee to serious suspicion to start with. I am not saying that the committee has taken advantage of the preponderance of one party, but I believe that the ordinary man in the street, looking at these numbers, would be very suspicious; he would find it difficult to see why at least the number of members from the three opposing groups should not equal the number representing the government. I understand the committee is to be conducted on a non-partisan basis, that its whole object is to find the truth, the whole truth and nothing else but the truth. I submit to you that a member of the Conservative party is quite as capable of finding the truth, and recognizing it when he has found it, as a member of the Liberal party, whosoever he may be. I would even venture to suggest that members of the Cooperative Commonwealth Federation and Social Credit parties can do fairly good work in detecting truth and recognizing it when they find it. I suggest that there be a definite modification of the relative representations on this committee. May I point out that, with only one Social Crediter and one member of the Cooperative Commonwealth Federation, it would be a complete impossibility to have each of these groups represented on each of two subcommittees.

Mr. MacINNIS: It was.

Mr. BLACKMORE: I think the committee has done the best it could to give them fair representation, and I understand the device which has been used is that of allowing a member of the Social Credit group to

sit on one of the subcommittees and a member of the Cooperative Commonwealth Federation to sit on another subcommittee. I have no doubt at all that the work was well done, but I believe that it would do no harm to have a representative of the Cooperative Commonwealth Federation on each of the subcommittees, and I will do my very best to see that any member of the Social Credit group who is on one of these subcommittees does good work too. I suggest that there be a change then, in the numbers of members of the different parties who sit on the committee.

In the next place, I think the committee should sit while the house is not in session. I am in entire agreement with the proposal that the committee remain here and work from day to day during the months while the house is away.

Again, while the house is not in session the members of the committee should, in my opinion, be paid a moderate per diem allowance. I am not prepared to pronounce upon the size of that allowance, but I do believe they should have an allowance. It should be moderate. If it is too large, the cost to the country, in this time of war, will be too great; if it is too small, a large number of members will be eliminated. I wondered whether the hon. member for Lake Centre (Mr. Diefenbaker), in giving his fine speech this morning, had carefully canvassed the possibility that quite a few hon. members might be eliminated if an allowance were not paid, and paid in sufficient amount, though not too great an amount. Those hon. members who belong to the high income brackets can hardly afford to give up their ordinary work in order to come here. While some may say that they should be sufficiently patriotic, and all that sort of thing, it must be borne in mind that members of this house have not only responsibilities as members but—most of them —very definite responsibilities in connection with their businesses, and some of them carry a good deal of responsibility in connection with manufacturing and other war work which is now being carried on. These men, I submit, should not be required to leave their work, and delegate others to take their places without having some allowance to help cover the cost. Then again, if the allowance is too small, a good many people who are not well off will probably feel that they cannot afford to act on the committee. I believe that the allowance should be such that any member will feel able to devote his time and his talents freely to the work in hand without having to worry about anything going on at home.

I think the sessions of the committees should be public wherever possible. There has been some discussion on this matter. There will be times when the committee will need to meet in camera, when there is danger of hesitancy to investigate some matters, or indisposition on the part of witnesses to be candid and thorough, precise, confidential and cooperative. If, in order to gain these various things which we all want, it is necessary to sit in camera, I would say, "Better sit in camera than to go without the results which we want." At the same time our experience leads us to believe that the proceedings should be recorded verbatim: they should be printed and distributed to members, except in the case of such parts of proceedings on any given day as might be deemed to be of value to the enemy.

Finally, Mr. Speaker, everything should be done by the committee, by the members of this house and by the government to make the committee's work systematic, thorough, unflinching, impartial. If that be done and the committee be instructed to help the government to place war orders throughout the country in such a way as to give the seven provinces of the east and the west something like their fair share, then there is no reason why the committee should not be one of the most valuable appendages to this house and should not be completely worth every cent it might cost the country and every bit of effort it might cost every individual member on the committee.

Mr. H. C. GREEN (Vancouver South): The motion before the house is a motion for concurrence in the third report of the select committee on war expenditures. Hon. members will have noticed that about a week ago the chairman of the committee submitted two reports, the second and the third. The second report contained the recommendations of the committee with regard to the work it had been doing, and to-day we are really concerned only with the third report. I would ask members to look at the wording of that report, because we are being asked to approve its terms. It will be found at page 460 of *Votes and Proceedings,* and in effect it asks that certain powers be granted to the committee by the house.

First of all, it asks that the committee, which of course means the full committee of twenty-four members, be authorized to continue its inquiry notwithstanding the impending adjournment of the house. Then it asks that the committee have power to adjourn from place to place—for example from Ottawa to Halifax, say, or to Vancouver or anywhere else in Canada. It asks for power to sit in camera or otherwise as it may from time to

time determine, and for power to determine the manner and extent to which the evidence and proceedings shall be printed or typed, and furthermore to employ such secretarial, clerical and other assistance as it may deem necessary. There are two other requests. One is that six members of the committee constitute a quorum during the adjournment, and the other, that any subcommittee appointed by the committee have power to sit notwithstanding any adjournment of the house and likewise to adjourn from place to place.

These are wide and unusual powers, and I suggest that it is the duty of the house to consider carefully whether or not such a request should be granted. My opinion is that it would be unwise in the extreme unless drastic changes are made in this committee, in the set-up of the committee and in the way in which it carries on its business. In order to outline my reasons for coming to that conclusion, I would sketch briefly the background, the manner in which the committee came to be appointed.

This committee was modeled of course on the committee in Great Britain. In the last war of 1914-18 there was a special committee in Great Britain, and shortly after the outbreak of the present war the British parliament appointed a similar committee, on December 12, 1939, so that their committee has been functioning almost from the start of the war. It has had the benefit of the experience of the earlier committee which served in Great Britain during the last war.

We decided in Canada this spring that we would do likewise and appoint a similar committee, and on March 5 an order was made appointing the committee and giving it practically the same power as was given to the British committee, with one exception. The word "current" as applied to expenditures was deleted so far as the committee here is concerned. I quote from page 446 of *Votes and Proceedings*:

> Your committee was appointed by order of the house on March 5, 1941, to examine the expenditure defrayed out of moneys provided by parliament for the defence services, and other services directly connected with the war, and to report what, if any, economies consistent with the execution of the policy decided by the government may be effected therein.

In addition, we had in mind that there would be an opportunity to suggest ways in which the general war effort of Canada could be improved; that the work of the committee would disclose such ways. I do not believe that in following the British example we realized clearly—I do not think we stressed sufficiently—certain facts: in the first place, that the British committee was set up at the start of the war, and that in Great Britain they had had the previous experience in the great war, whereas in Canada the setting up of such a committee was an entirely new departure. Then we did not realize that in Great Britain the committee can get around the country much more readily. It can get to the defence centres, and subcommittees can travel and find out for themselves what is going on, whereas in Canada that is extremely difficult. But above all we did not emphasize the fact that in Great Britain there is a national government, a parliament which is not working on party lines, whereas in Canada we have the opposite. That fact should have been kept more clearly in mind.

In any event, on March 5 the Canadian committee was set up. Every member of the house will admit that there has never been a committee of this house of a similar type. It was something new. This committee was intended to be different; it was not intended to be just another committee. We thought that we were setting up a committee which would be entirely different and that it would have a great place in helping Canada to play her part in the war. We thought that we could set up a committee which would be quite detached in its outlook, although parliament itself was functioning on strictly party lines. I have reached the conclusion that we expected too much of human nature.

I do not mean any offence to any member on the government side, nor do I wish to question the sincerity of members on the government side who were on the committee; and I do not pretend that the members of my party or of the Cooperative Commonwealth Federation or of the Social Credit group have any larger endowment of sincerity than members on the government side. I do say, however, that this war expenditures committee has proved to be part of the Canadian parliament, which is functioning on party lines, and that the committee has reflected in its actions the attitude of this parliament, which is dominated by party politics.

That situation was made much worse by the fact that the government loaded the committee with government supporters. We understood that there would be a committee of fifteen, of whom nine would be government supporters and six members of the opposition. Instead, we got a committee of twenty-four, with eighteen government supporters, twice the original number, and only six supporters of the opposition parties. In other words, there was a loading of the committee to the extent of three government supporters to one opposition supporter. That alone made it impossible for this committee to carry on as members of this house had hoped it would;

and, further, it meant that the subcommittees which were eventually set up were also overwhelmingly composed of supporters of the government. No more than two opposition members were on any subcommittee.

After the committee was set up, there was a delay before the work was started. It took a week before we had our first meeting and two weeks before we called any witnesses. Before the Easter recess there were several general meetings of the whole committee, and on April 3, when the situation was discussed, our chairman announced that he thought, when we returned after the Easter recess, it would be wise to divide the committee into five subcommittees. Hon. members will find that suggestion at page 222 of the proceedings of the committee. The chairman suggested that there should be subcommittees on army; navy; air force; munitions and supply, and miscellaneous. That was following the example of the British committee, which has subcommittees on army services; navy services; air services; supply services; home defence services, and trade, agriculture and economic warfare, and I believe one or two further subcommittees have been added. I think this proposal of April 3 was the proper procedure to follow, and consequently there would be subcommittees dealing with the various departments; where any question concerned more than one department, the subcommittees could meet together, as is done in Great Britain right along.

Accordingly we went away for the Easter recess. When we came back, towards the end of April, the whole plan had been changed. It had been decided that we would not divide into subcommittees allotted to the different departments, but that subcommittees should be set up to deal with specific subjects. I have never been able to understand why that change was made. I do not think it was a sound decision, and I believe it has greatly handicapped the work of the committee. That, however, was done, and at the same time it was decided that meetings of these subcommittees should be held in secret, unless the subcommittee decided to the contrary. That motion will be found at page 237 of the proceedings of the committee. The wording is:

> That the sittings of subcommittees be in camera except as the subcommittee may otherwise from time to time determine. . . .

The members of the Conservative party suggested that the question of secrecy should be left entirely to the subcommittees, which should decide at each meeting whether or not that meeting should be held in camera. Instead, however, the majority of the committee decided that all meetings of the subcommittees must be in secret unless the subcommittee decided otherwise, which made it very difficult for a subcommittee to meet other than in secret. When we opposed that suggestion we were promptly voted down; the old steam-roller was brought out and put in gear, and we were run over by the government majority on the committee. At the time it seemed to me a strange way to do business in a committee which was supposed to be entirely non-partisan, working as a group of individual members. As a matter of fact, I believe the evidence brought out before the subcommittees has indicated that most of these meetings need not have been held in secret at all; that no harm would have been done if the press had been present, and that, in fact, much good might have resulted if this had been done. That is particularly so because the subcommittees are dealing with specified subjects. If they had been going into particular departments in detail, there might have been more justification for secret meetings, but that was not the situation. For example, take the question of contracts with civilian flying clubs, associations or companies, which was dealt with by No. 1 subcommittee; or take other matters, such as food supplies for the forces, the inspection thereof, catering and salvaging of waste, and the construction of army and navy buildings, which were referred to subcommittee No. 2. In my opinion there was no reason why the meetings dealing with those subjects should not have been quite open.

In any event, it took the subcommittees some time to get started, and they hurried through their work. Perhaps No. 3 subcommittee had many more meetings than the other two; but if hon. members will refer to the reports of these committees they will see through them all a tendency to pull punches. The subcommittees are not hitting out at things that should be hit out at; all the way through they have pulled their punches. For example, look at the report of No. 3 subcommittee, which was dealing with headquarters organizations. At page 459 we find these words:

> The subcommittee is strongly of the opinion that a further careful study of adequate controls of army, navy and air force expenditures should be made immediately in the belief that such controls will result in very large economies throughout the services, greater no doubt in some than in others.

The fact was, Mr. Speaker, that these greater economies could be effected in the air service; but rather than come out and call a spade a spade, the subcommittee said that all departments should be looked into, but that greater savings might be made in some than

in others. Then, if we turn to page 452, we find the report of subcommittee No. 2 dealing with the inspection and marking of beef. It was reported to us that a certain system of marking had been inaugurated in Ontario and Quebec, and some members of the general committee said, "Well, why not recommend that this system be adopted in the rest of Canada?" The answer was, "Oh, no. We must not go that far. We might antagonize the quartermaster-general or somebody else. Instead of that we will put in these words," and they will be found in the report of the committee:

> The quartermaster-general informed the subcommittee that consideration is being given to the extension of this practice throughout Canada.

There was a failure to face the facts and make a definite recommendation, which this committee should have done. We are the people who should have made the recommendation; we do not have to stand back, to pussy-foot around and be afraid of criticizing higher officials, or of making suggestions that may not please those officials. If the committee is to be of any use, then it must make forthright suggestions on these questions.

In the report of subcommittee No. 1—and it is to that report I object most—we find that the subcommittee have dealt with contracts with civilian flying clubs, associations or companies. In their report they deal first of all with elementary flying training schools, and they discuss the question of these schools fairly fully. There were certain facts they did not have, such as the question of common shares, to which the hon. member for Vancouver East (Mr. MacInnis) referred this afternoon.

But, then, when they come to a discussion of air observer schools, we find this statement in the report, as it appears at page 451 of *Votes and Proceedings*:

> The subcommittee has not completed its inquiry as to operation costs and profits with respect to air observer schools. A conference has been called of executive officers of all of these schools to discuss operating costs and profits and the subcommittee is not prepared to make any report in regard to these schools until its inquiry in this regard is completed.

The inquiry with regard to elementary training schools had not been completed, either, but a report was made upon them. In committee of the whole we were told that with respect to air observer schools, profits running from 40 per cent to over 50 per cent were made in cases by these private companies. Some of us took the stand that that information should be included in the report to parliament; that parliament and the Canadian people were entitled to know that fact. Instead, this subcommittee decided that they would call into conference the officials of these air observer schools, and that they would try to beat them down in their profit, try to make a better bargain for the government—and, of course, try to make the picture look better. That was not the function of that subcommitee, nor was it the function of the whole committee. It is not the object of this committee to go out and make deals with contractors or with private firms. That is a job for the government. Yet, when we asked that the report of subcommittee No. 1 be referred back to them in order that they might obtain further information, we were again voted down on a strictly party basis.

Mr. GOLDING: And only two voted for that.

Mr. GREEN: No; there were four. We were voted down on a strictly party basis. In other words—

Mr. GOLDING: There were two.

Mr. GREEN: The hon. member can make his speech later. In other words, the old steam-roller was brought out against us again. That amounts to soothing parliament and to soothing the Canadian people, and I say that this soothing combined with the secrecy of the subcommittee meetings, is dangerous to the nation at this time. If changes are not made, this war expenditures committee may do more harm than good. It may be a case of hindering, rather than aiding Canada's war effort.

It is now suggested that the committee should carry on during this summer. The suggestion is that it carry on again as a committee of twenty-four members, presumably to continue sitting in secret. That would continue all summer, perhaps during four months, and there would be no house to which to report. What is the sense of anything like that? Where is all this to lead us? The Canadian people will think, "Oh, we are reasonably safe; there is a committee in Ottawa checking all these items of expenditure." Yet there is no way of getting the information from that committee to the public, and I point out that on the committee members in opposition groups are not in a position to have their proper share in the decisions made by the committee.

If the suggestion is adopted, the committee will continue to be one-sided. It will consist of eighteen government supporters, and six supporters of opposition groups. Just to illustrate the attitude and the frame of mind: When we were holding our last meeting, and discussing the report which would be brought

in, the suggestion was made that the number of members on the committee be cut down for the work during the summer. I believe it was suggested that the committee should consist of fourteen members. There arose a discussion which lasted an hour or an hour and a half as to the impossibility of the provinces of Ontario and Quebec having different representation—from the government side, if you please!—on that committee.

Mr. CLEAVER: On a question of privilege, the hon. member for Vancouver South has made a statement with regard to a discussion which he stated lasted an hour or an hour and a half, and which was a contest between Ontario and Quebec members—

Mr. GREEN: I had not gone that far.

Mr. CLEAVER: —as to the proposed reduction in the numbers on the committee. I state definitely that that statement is false. and should be withdrawn. I state that on my responsibility as a member.

Mr. GREEN: I do not withdraw it, because it is not false; it is true. There was argument that this province must have so many Liberals on the committee, and that province must have so many Liberals, and that they must have Liberals from every part of Canada —one from British Columbia, and so forth, and so forth. In the end they decided to increase the committee to seventeen, in order that there might be proper Liberal representation from the different provinces. That is not the way to fight a war. That is not the way for this committee to carry on. If it is to carry on in that way, then its efforts will be useless, and the whole proceeding will be a farce.

I do not wish to condemn without suggesting a remedy. For that reason I suggest that if this committee is to sit during the summer, the number should be cut in half. That is, it should be cut from twenty-four to twelve members, and there should be equal division; that is, five members from the government side and five from the opposition parties, with the chairman and vice-chairman from the government group. That would give a total of seven government members to five in the opposition groups. I suggest that this business of sitting in secret should be at least greatly reduced. Meetings should be held in public, except in those instances where public meetings would give aid to the enemy. In such event they should be kept secret.

Even then, the committee could not be expected to do as good work as the British committee has done because, as I have said, the Canadian parliament is carrying on along strictly party lines, and because we started so much later. The committee, however, would have far more chance of succeeding than it has had to date, and I believe it might be able to do a great deal of good for this nation in these very trying times.

Mr. HUGHES CLEAVER (Halton): Mr. Speaker, before attempting to tell the story as to the ground covered by the subcommittee on which I acted as chairman, I think it only right that I should answer one or two of the observations of the hon. member for Vancouver South (Mr. Green). In the first place he stated that both the general committee and the subcommittees were dominated by party politics, and that they were overwhelmingly Liberal. He stated, and repeated the statement several times, that the old steam-roller had been brought out and put into gear. I should like positively to assert that not only was the hon. member wrong and incorrect in making that statement, but he himself did not attend the meetings of the committees enough to know whether or not there was any partisanship in their work. He would rush in and get his attendance and then rush off to another committee.

Mr. GREEN: That is not correct. I missed quite a number of meetings because I had to attend the meetings of the pensions committee, but when my hon. friend says that I would rush in and then rush out, he is not telling the truth. The times when I said that the steam-roller was used, I was there and was rolled out.

Mr. CLEAVER: I am not saying that my hon. friend had not perfectly good reasons for not attending the committee; he was spending most of his time in another important committee, the pensions committee. He had a perfect right to choose which committee he would attend; but having failed to attend with reasonable continuity the meetings of the war expenditures committee, I think it ill behooves him to make the statements which he has made with regard to that committee. The members of the war expenditures committee who attended the meetings devotedly and continuously caught the spirit of the committee and they functioned, not on partisanship or political lines, but just as this house expected them to. With regard to the charge that the committee divided on political lines, I may say that the very afternoon about which my hon. friend complains and on which he attended the committee, the committee divided nine to ten. Was that a division on political lines? More of the steam-roller, I suppose!

Mr. HOMUTH: On what question did the committee divide ten to nine?

Mr. CLEAVER: I think the hon. member for Waterloo South (Mr. Homuth), being entirely unhampered by knowledge of this committee, had better not waste the time of the house.

Mr. HOMUTH: I certainly shall not get any knowledge from the hon. member.

Mr. CLEAVER: I come now to the second point raised by the hon. member for Vancouver South, that we were pulling our punches. He gave as an illustration that he was told the committee had been informed that there was some evidence that air observer school companies were earning profits of from 40 to 50 per cent. Once again he did not tell the whole story. In failing to tell the whole story, once again I say that deliberate misrepresentation has been made of the facts.

Mr. GREEN: I ask that the hon. member withdraw the words "deliberate misrepresentation".

Mr. SPEAKER: I would point out to hon. members that I cannot be the judge as to what one member says happened in committee and another hon. member denies. Hon. members must take the responsibility in stating what are alleged to be the facts. However, the expression "deliberate misrepresentation" should be withdrawn.

Mr. CLEAVER: I gladly withdraw that without reservation. I shall be pleased to present to the house the facts of what took place and leave it to the house to judge whether the matter was misrepresented. These are the facts. Subcommittee No. 1 was delegated three tasks: to inquire into the commercial operation of air observer schools, of elementary flying training schools and construction contracts. The committee was appointed on May 4 or May 5, and we headed into these questions as quickly as we could. But we have not been able to complete our work on any of them although we got along further with the elementary flying training schools than with any other subject. We made a reasonably complete interim report on that subject, but we told the main committee that we had not completed our investigation into air observer schools. Perhaps I was guilty of indiscretion in being too frank, but I told the committee that we had the evidence of one witness who gave figures that established profits ranging from 40 to 62 per cent. We also told the committee, however, that we had the evidence of only one witness; that we had no right to prejudge the case; that we should have an opportunity of hearing both sides of the question before turning in a definite report. I think it will be readily seen how wise the committee was in coming to that conclusion and how unfortunate it would have been if we had reached a premature decision without hearing both sides of the case. What did we find? A conference was called of all the air observer schools across Canada to discuss the whole problem of operating costs and profits. The subcommittee found at that conference that the gentleman who had given evidence establishing profits of from 40 to 62 per cent was entirely in error, that the profits were not half of that amount. Where would we have been if we had not "pulled our punches"?

Mr. DIEFENBAKER: I rise to a point of order. I do not want to challenge the memory of the hon. gentleman, but this evidence was taken in camera. I think the hon. gentleman has considerably understated what the original evidence was, as well as what the subsequent evidence was.

Mr. CLEAVER: Fortunately I have extracts of the evidence before me. The evidence given in connection with example No. 1—I shall refrain from giving the name of the school because this was given in camera—

Mr. MACKENZIE (Vancouver Centre): I do not think the hon. member should refer to evidence taken in camera.

Mr. SPEAKER: Each member of a committee which has held meetings in camera must himself decide whether he can use that evidence.

Mr. CLEAVER: Under normal conditions I would not refer directly to any evidence given in camera, but the hon. member who preceded me has made the statement that profits in air observer schools ranged from 40 to 50 per cent and that the subcommittee had deliberately "pulled its punches". As a member of that subcommittee I cannot let that grossly incorrect statement go out to the people of this country without refuting it. I appreciate my responsibility as a member, but I should like to give sufficient evidence to refute entirely the statement which has been made. I am doing this in the interests of the morale of this country.

Mr. THORSON: I rise to a point of order. The committee decided that the sessions of the subcommittees should be held in camera. I think that means that the evidence given before such committee must be regarded as privileged. If the rule is relaxed in respect of one statement, then the whole value of "in camera" sessions is gone. If it is permissible to refer to a statement of fact given in "in camera" sittings, then it would follow that

statements of expressions of opinion given in camera might also be stated in this house. I suggest to Your Honour that the distinction should be this: If any evidence or any facts are available from a source other than statements made in camera, then such evidence or facts may be given in this house. But statements that are made in camera and expressions of opinion given in camera ought to be regarded as privileged. Otherwise the purpose of "in camera" sessions is completely defeated.

Mr. STIRLING: On the point of order, Mr. Speaker, may I make this observation. The incident which has just happened illustrates the point that some of us who were not able to support the idea of holding this committee were not incorrect, in that evidence which is given in camera should not be used outside in any shape or form whatsoever. Here we have had a piece of evidence given in camera referred to in this house. It is evident that if it is referred to in this house it will be referred to outside this house by individuals who think they may properly do so in matters of conversation with the general public. It renders the holding of committee work absolutely useless if sittings be held in camera because no reference should certainly be made to such proceedings.

Mr. CLEAVER: Mr. Speaker, I would suggest, in view of the discussion which has taken place, that if the hon. member for Vancouver South (Mr. Green), will withdraw the statement that he made with regard to 40 and 50 per cent profits, I am quite content to leave that part where it stands.

Mr. GREEN: Mr. Speaker, on that point I was not quoting secret evidence. I was quoting statements made by the hon. member for Halton (Mr. Cleaver), as chairman of the subcommittee when we sat as committee of the whole.

Mr. FOURNIER (Hull): That was in camera also.

Mr. HOMUTH: No.

Mr. SPEAKER: The position of the Chair is this. Subcommittees were appointed, and they, in their discretion, decided to hold meetings in camera. Evidence was given at those meetings in camera, and any reference that might be made to that evidence by any member of the subcommittee must necessarily be on his own responsibility as a member of parliament. I cannot decide that question for him, nor do I think the Chair is entitled to decide as to what shall be said by a member of this house with regard to the proceedings in a committee of which he is a member. So far as the point of order is concerned, I again repeat that hon. members speaking on this question who refer to proceedings of the subcommittees must do so entirely on their own responsibility as members of parliament.

Mr. CLEAVER: I think upon mature consideration, Mr. Speaker, that the point of order is well taken. I will content myself with simply making this statement, that subcommittee No. 1, having to do with the subject of air observer schools, will make a report in due course, and I can assure the hon. member for Vancouver South that his fears as to profits and his statements as to profits are not well founded. I should, however, like to say this, that it is pretty scant evidence on which to accuse a subcommittee on war expenditures of "pulling its punches" to suggest that any committee on war expenditures should make any findings or report until it has heard both sides of the story.

The hon. member for Lake Centre (Mr. Diefenbaker) made, if I may be permitted to say so, a telling speech this morning, and while I confess that I agree with practically all of the aims which he outlined in that speech as the aims to which the committee should aspire, I find myself in rather sharp disagreement with him as to the best means of obtaining the results that he seeks to achieve. In his opening remarks he stated that none of the subcommittees had sat for more than thirty to forty hours. These committees were appointed only on the 5th of last May, and while it is true that they have not had sittings running in point of time to more than thirty to forty hours, that hardly gives the house the whole picture because, as hon. members know, the work of a subcommittee of this kind consists not only of the work you do while you are sitting in committee but of the work you do in studying the exhibits and reviewing and studying the evidence given before the committee. On that very point I may say that we on subcommittee No. 1 have found it embarrassing to get on with our work as we should like to have done, on account of other committee work intervening. Just by way of illustration, on one day last week I had five notices to attend five different committee sittings on that day; on that day we had three sittings of our subcommittee, and the house was also in session at three different times on the same day. I should like to make this suggestion, that as the work of our subcommittee goes on and we become engrossed in it, I would hope the members of the subcommittee would drop all other committee work, resign from other committees and confine themselves entirely to the work of the war expenditures committee.

The next point covered by the hon. member for Lake Centre was that the committee had no power to report as to wrongdoing. Possibly that is right, but whether we had the right to do it or not I wish to inform the house that their subcommittee No. 1 headed into every complaint of wrongdoing of which we as a committee had notice. I think we did some useful work in that regard. Let me give the house just one illustration.

We were told that one elementary flying training school was being financed by a group of wheat speculators from Winnipeg, the suggestion being that these men were motivated by profits, not patriotism. When the matter was called to my attention I said at once: "We will head into that." On going into it, we found that the school was organized as a non-profit school. We headed into many other mare's-nests, and when all the facts were brought out, the complaints ceased to exist.

As to the question of meeting in camera, I cannot but admit that some of the arguments we have heard in favour of the meetings being held in public have merit, but on the other hand we have had it impressed upon us many times that this committee should follow the British practice. The hon. member who just resumed his seat argued that the reason why we did not accomplish all we should have was that we had not followed the British practice. But the British practice is to hold meetings in camera. They have had the background of their experience in the last war as well as in the present war so far, and the British committee have found that much more satisfactory work can be done in camera, and therefore they are doing their work in camera. So far as I am concerned, I think we can quite safely follow that practice.

On the question of evidence being made available to members of the committee, I do not know of any better practice that could be followed than the one now in vogue. Four copies of the evidence now are made and one copy of the evidence is at all times available to every member of the committee. As chairman of subcommittee No. 1, I have never at any time refused a request by a member for the evidence, nor have I had to keep him waiting; it has always been available for him. I think it is only right to say that during the past few days the hon. member who raised the question has had the evidence in his possession quite as much as anyone else has had it; indeed, that is an understatement. If there is any better way of distributing the evidence I should like to hear it, but I do not like to have it broadcast to the country that all these proceedings are veiled in secrecy and that the members of the committee have not adequate opportunity of studying and reviewing the evidence.

I come now to the next question which was raised, whether hon. members should discuss in the house and in the country the actual evidence which has been taken. I believe the correct conclusion in that respect has been reached this afternoon. I am sorry that I was the first potential offender. I believe, however, that the ruling is right, and that it is a much safer proceeding to have the evidence weighed by the committee and only the findings made public. It is highly dangerous to take one little part of one man's evidence and broadcast it over the country, without the reading public having an opportunity of perusing the rest of the evidence of that one witness as well as the testimony of other witnesses.

Your subcommittee followed that practice in making its first report, with regard to elementary flying training schools. It will be found that in paragraph 6 we reported as to profits:

> Increased intake of pupils naturally tends towards increased flying hours and an appreciable decrease in overhead costs per flying hour. The monthly profits of the said companies range from $318.32 to $942.54.

Again, in paragraph 11 we made a definite finding on the evidence:

> The subcommittee finds that the estimated cost of operating the elementary flying training schools based on a target price was $982.31 per pupil, while the actual cost to the crown as of 31st March, 1941, was $864.35 per pupil.

To come to the work of the committee, as will be recalled, shortly after the outbreak of war a conference was held in Canada of representatives from the British commonwealth of nations to formulate a commonwealth air training plan. A plan was agreed upon under which thousands of aircrew, (pilots, air gunners and air observers) were to be trained annually in this country, some of them to receive their elementary training in Australia and other nations of the British commonwealth and to come to Canada for their final and senior training. Obviously, under a scheme of that size it was necessary that Canada should call to its service everyone in the country who had had previous flying experience and who was equipped to contribute anything toward the working out of the scheme.

We had in Canada at that time two groups of individuals who had had considerable flying experience. The one group was our civilian aviation companies which will be dealt with in our next report, and the other group was the flying clubs. These clubs were organized in the years 1926 and 1927, at the same time

that Germany set up civilian flying clubs because she was prevented from establishing military flying training centres. In order to circumvent the treaty of Versailles she set up these civilian clubs. Our clubs functioned, supported by our Department of National Defence, by municipal grants, and by subscriptions from private individuals who were interested in the work. Most of them were operated by Canadian flyers of the great war. These clubs carried on a very important work, and from the period of their organization down to the outbreak of the war had trained something over 3,000 pilots. Obviously that was one group which could be of material assistance in Canada's war effort, and they were asked to take over the elementary flying training of all our pilots. All of these flying clubs were organized on a non-profit-sharing basis, and all of them had been financed as I have already outlined.

It was decided that the clubs should be asked to sponsor the formation of an elementary flying training company. The capital was set at $35,000; the shareholders were restricted to a 5 per cent return on their money; the common shares were pledged in trust for the benefit of the flying clubs, the idea being that when the war was over a small fund will have been built up, out of the profits of these companies, to rehabilitate and rejuvenate these clubs, and to start them off "on the right foot."

Mr. MacINNIS: May I ask the speaker a question? Who gave the authority for the issuing of common stock, and was any mention of it made in the agreements between the government and the flying clubs? How did the common stock come into existence, and how much was paid for it?

Mr. CLEAVER: I am sorry that I cannot answer that question as fully as I would like to, because, as mentioned in the report, in the time at our disposal we have not had an opportunity to check the records of each of these elementary flying training school companies. We are told, however, that the preferred stock, the 5 per cent stock, was sold at par. We are told that, as to some of the companies, only ten $1 or no par value shares of common stock were issued. At any rate, as to all of them we are informed that the common stock is held in trust for the flying clubs and that no individual can make a dollar profit. I am sure that when the subcommittee has had an opportunity of fully investigating the whole set-up of these individual companies, it will make a full and complete report to the house. At the present time that is as far as I can go.

Your subcommittee have also recommended that a complete study should be made regarding the profits which these elementary flying training schools earn for the benefit of the flying clubs. I do not think it is talking out of school to say that a majority of the committee feels that a ceiling should be placed upon the gross profit which should be made in that regard. But there is one other word which I should add as regards profits earned by the elementary flying training schools. At the time the schools were organized it was anticipated that each school would be able to train forty-eight pupils at a time. Through increased efficiency of the schools it has been possible to increase pupil intake to eighty, with the result that the flying clubs through their training companies have come along voluntarily and have asked that their per flying hour profits should be reduced from 50 to 25 cents.

Mr. MacINNIS: When was that voluntary offer made?

Mr. CLEAVER: It was made a little while after the committee began to function. I could not tell offhand the exact date.

Mr. HOMUTH: May I ask the hon. member if the profits are subject to taxation?

Mr. CLEAVER: I do not know. All I can say in reply to that question is, that the contracts provide that all these profits, other than the payment of the 5 per cent on the preferred shares, are to be kept in a reserve fund, invested in the main in non-interest bearing Dominion of Canada bonds, and none of them can be paid out during the duration of the contract, which is the duration of the war.

The essence of the contract, when one studies the whole picture, is simply this. No private individual can make any profit at all. The profit accruing to the clubs is held in the form of dominion bonds without interest; in other words, the essence of the transaction is that there is a future promise to pay from the dominion to these clubs when the war is over.

As to the work of the clubs, the evidence given shows without exception that they have carried on in an extremely efficient manner, both as to the training of pupils and with regard to the cost of operation. The house will be interested to know that their casualties have been extremely low. With a total of over 17·360 million miles flown, the elementary flying training schools have had less than one casualty per million miles—and perhaps that part of the training is the most hazardous to the pilot because it is during that part of his training that the raw recruit is doing his first solo flying.

In conclusion, I might make a few remarks with regard to taxation. Taxation in this country has reached the highest level we have ever before experienced, and consequently the public are becoming extremely critical of expenditures. That is as it should be. I am pleased that this government has adopted, in so far as it is humanly possible, the policy of paying for the war as we go. High taxation not only benefits the country, in the sense that we are able to pay as we go, but has a restraining influence on any type of extravagance, and I am sure that as members of this house we all welcome the critical attitude of the public towards war expenditures, because it will lead to greater care being taken and it will have a restraining effect on anyone who might be tempted to try to profit by war work.

Then there is the final result that overshadows all these points, which is the fact that heavy taxation curtails present consumer demand for goods. When one reflects that the maximum capacity of any country to contribute to war effort (outside man-power) is the difference between total goods produced and the goods consumed, he can see how important it is that we should restrain present consumption. In that regard there is the final chapter, the position of Canada when the war is over. In every way in which we deny ourselves now, in every way in which we economize now, we are building up a vast reservoir of future consumer demand which will help to start the wheels of industry turning when the war is over.

I could not resume my seat without paying tribute to the other members of subcommittee No. 1 who sat with us in the work. That committee's work was done by two Conservatives and three Liberals. There was no partisanship visible or active in any way in connection with the work of that committee, and while we had a difficult problem to study, we reached a unanimous report. I wish to express my personal appreciation of the co-operation which was given by every member of the committee.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): There are two private bills to be considered, which will take only a few minutes. With the consent of the house, therefore, I would move that we pass to the order: private bills.

Motion agreed to.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 93, for the relief of Dorrien Edson Weaver.—Mr. Hill.

Bill No. 94, for the relief of David MacDonald.—Mr. MacInnis.

WAR EXPENDITURES

CONCURRENCE IN THIRD REPORT

The house resumed consideration of the motion of Mr. J. T. Thorson (Selkirk) that the third report of the special committee on war expenditures presented to the house on June 4 be now concurred in.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Speaker, this afternoon when I asked the hon. member for Halton (Mr. Cleaver) a question, he suggested that I should not take up the time of the house because I was not a member of the committee and therefore could not know very much about its work. The lack of knowledge of what the committee did or tried to do is the principal reason for my rising to-night to protest against concurrence in the report presented by the hon. member for Selkirk (Mr. Thorson). When this committee was suggested I considered, as did other hon. members of this house, that such a committee could do a great deal of good work; that it might go a long way toward bringing about economy in our war effort; that as a result we might put an end to many of the extravagances which we knew were being committed; and that their findings, as the hon. member for Lake Centre (Mr. Diefenbaker) and the hon. member for Témiscouata (Mr. Pouliot) said, would cause others to be careful in their work in connection with our war effort. Then we were told what would be the set-up of the committee; and instead of a committee which would do what we had visualized, I saw that it was to be a committee with an overwhelming number of government members. Why the change was made from fifteen to twenty-four members, I do not know, but it seemed quite plain that this larger committee would not bring about any better geographical representation, and therefore it could only be that the government wanted so many more of its supporters on the committee.

In my opinion, from the very start the committee was handcuffed and hobbled, and, in addition, its members were to be pledged to secrecy. Certainly it could not accomplish what it should be able to do if it were pledged to secrecy, because most of its findings would also be kept secret. Further, it was suggested that if any wrongdoing should be found, that wrongdoing should not

be reported to the house or given to the public but should be told the government or the minister in charge privately, and the minister would see to it that appropriate action was taken. What that action might be, we would not know. Then all this committee was to do was make representations, which recommendations might be brought before this house, if it were in session, or before the responsible ministers.

I have closely followed the work of this committee and have read all available reports. In the beginning there was a long delay; it took weeks before the committee got under way and began to work on any plan. What have they done? In my opinion nothing has been done by this committee that should not have been done by the ministers and deputy ministers of the various departments. All the recommendations that have been made have to do with the internal economy of the various departments. The committee has found that there are men in the Department of National Defence and other war departments, some of them high-ranking officers, who are receiving pay and allowances for doing work that a clerk could do, and that as a result there is a tremendous unnecessary overhead. Surely we did not need a committee of twenty-four members of the House of Commons to set up an efficient system within the offices of the Department of National Defence. I realize that the ministers are busy, and cannot give to these matters of internal economy within their departments the attention a man in a private business might be able to give. But the ministers have deputies for all these departments. They have administrators, and if those men are not able to set up proper and efficient systems within those departments, then they are not fit to hold their jobs as deputy ministers.

There is no business in Canada which could operate on the basis on which some of these government departments operate, and it is about time we began to realize that fact. We have increased by many thousands our civil service staffs. We have increased their pay by hundreds of thousands of dollars. The Canadian people know that. Every now and again an article appears in some newspaper with respect to the money paid to people who are working for the government. I have applications every day from people who want to work for it and, to my mind, too many who wanted to work for the government got their chance to work for it, with the resultant inefficiency and heavy overhead in some departments. Why should it take a committee of twenty-four members to find a lack of efficiency in a department of government?

The committee also investigated other branches of the service, and they have made certain recommendations in that regard. I have in mind particularly the air training plan. This afternoon an insinuation was made —one which practically amounted to a charge— respecting the tremendous profits accruing to private air training schools. Even if the profit is half of what was suggested this afternoon, that is not a matter that should have to be the subject of investigation by a committee of twenty-four members of the house. Surely that, too, is a matter of internal economy within the Department of National Defence for Air. The men who negotiate and draw up the contracts for these air training schools should be in a position so to regulate and draw up the contracts that they could see to it that unfair profits were not made. We must make up our minds to the fact that whether in war time or in peace time there is always an element in the country who are desirous of making huge profits out of someone else's misery. Surely cases of this kind are purely matters with which departmental officials themselves should deal. It should not be necessary to set up a committee to decide such questions as these.

If the committees were permitted to sit during the recess, and continued to investigate only such matters as these, then certainly the people of Canada would be up in arms at the suggestion that it is going to cost $360 a day for the members alone, at the rate of $15 for each member, besides the costs of the staff, to investigate matters which ought to be the business of the minister and his deputy. Why do we need a committee to decide whether or not soldiers are getting cow beef or good steer beef? Surely those are matters for men within the department. The question of salvage in the various camps should be the business only of the men who are at the head of the camps. That is why they are put there. They are there because they are supposed to have the ability to run those camps; they are supposed to know how to handle these various matters.

Therefore I say that the people of Canada are not prepared to pay $15 a day to members of the House of Commons to delve into matters which should be the business only of the ministers and deputy ministers. The ministers should hold the deputy ministers responsible for the proper and efficient administration of these matters. I thought when this committee was set up it would investigate some of the things which had been done prior to the setting up of the committee. I thought it would look into some of the contracts which we knew were rather fantastic and extravagant

—not to bring them to the light of day, but at least to see to it that any further contracts which were made would be made on a proper business basis, and see to it that we received a dollar's worth of value for every dollar expended.

I thought one of the matters which would have been referred to the committee would have been the Tilley report. That report is far more important than the people generally realize, or than the press would let them realize, because, when the Tilley report was presented, the press of this country came out with the statement that there was nothing much in it, and that there was nothing particularly wrong with the contract. We know there was; there was a great deal wrong with the contract. Do hon. members think the Minister of National Defence for Air (Mr. Power) would have gone to Toronto to get Mr. Tilley, one of the most outstanding, if not the most outstanding, lawyer in this country, to investigate that contract, had there not been some reason for doing so? There must have been a reason for it. The reason was that it seemed as though the contract was running into huge sums of money, and the firm was making huge profits. That was generally rumoured round the country. The result was that Mr. Tilley was asked to investigate. He sent in his report, and if hon. members would read between the lines of that report they would get some idea of the extravagance of the contract made with the Acadia Construction Company. One realizes how perilously the whole matter was handled from the very start; one realizes the pressure the Acadia people put on. Then, when it seemed to the government that speed was so necessary, they signed the contract. After the contract was signed, the government found it had given one of the juiciest melons any construction company in this country ever got. If hon. members will read the report they will find that the company was in a position to charge rentals—

An hon. MEMBER: Order.

Mr. HOMUTH: —for the machinery. I am in order. I am discussing a contract which this committee should have investigated and which, if it sits, it should still investigate.

Mr. HANSON (Skeena): The hon. member was discussing the general report.

Mr. HOMUTH: When it was brought to the attention of the late Hon. Norman Rogers, the then Minister of National Defence, by Mr. Vaughan, the minister wrote Mr. Vaughan and told him he was sorry that Mr. Vaughan did not like the terms of the contract, but that since it was signed, nothing could be done about it, unless all the contractual parties were agreeable. That is the type of thing which ought to be investigated by this committee. More contracts will likely be let. It is true that some of the extravagances which were apparent under this contract have now been cured, or at least I hope are in the process of being cured; but the contract has not yet been completed, settlement has not been made, and there are still points at issue.

If a committee is going to function on war expenditures, the government ought to see that this type of thing is investigated. Other contracts were given on a similar basis. Why is a man enabled to charge three days' rental in twenty-four hours and keep his machinery going continuously? Such a thing could never be done in private business, but that is what is happening in government business. It is contracts such as these that the people of this country expect this committee to investigate. This is the sort of thing we want investigated. We do not want scandal brought out. I have said on more than one occasion in this house that the worst thing that could happen to our war effort would be scandal. I am not suggesting it, nor do I wish to hear of it. But these are matters that ought to be investigated so that nothing of the like will occur again. Are there other contracts of a similar nature being performed by construction companies in this country for the government?

The hon. member for Winnipeg South Centre (Mr. Maybank) referred to the construction of a plant north of Winnipeg, and the Minister of Munitions and Supply (Mr. Howe) said that it would be referred to this committee for investigation. Has it been referred to the committee? Has the committee dealt with it at all? Is it not more important to deal with that than with the question of whether cow beef is being fed to the soldiers? These are matters that we have to watch. These are the things that we thought the committee would delve into with the idea of seeing that no further contracts such as this would be made.

The committee asks the privilege of sitting during the recess. The Minister of National Defence (Mr. Ralston) has asked members of this house to go out through their constituencies and do everything they possibly can to recruit men for the army or for the war services, to get men to go into the fighting forces of this country for $1.30 a day, or slightly more in the form of allowances if they are married. We are supposed to go out and ask young men to enlist, and yet we are sitting here to-day when a suggestion is made that we should endorse a motion to appoint a committee, the members of which will receive

$15 a day each. I realize how difficult it must be for some hon. members to sit on such a committee; I appreciate the sacrifice that they would have to make!

There are many hon. members in this house who are specialists in certain lines of endeavour, and right from the outbreak of the war many of them have offered their services to the government, not for a dollar a year but for nothing. They were not asking for a living allowance. It is true that they received acknowledgments of their letters, but they never got a chance to do anything. Members of this house feel frustrated; they feel they are not able to do the things they would like to do. I realize how difficult it would be for some hon. members to sit on this committee without receiving some allowance, and I think it would be quite proper to pay them actual out-of-pocket expenses. When we are asking men to enlist in the army; when we are asking the people to dig deep in their pockets for the war loan; when we are asking working men and women who are not getting extravagant wages to contribute to war services and to buy war savings stamps, it is not right for us to pass a motion which will provide $15 a day to hon. members for sitting on a committee between sessions.

A member of the House of Commons receives an indemnity of $4,000 a year. If the house sat for the whole twelve months, that is all he would get; that is all he would be entitled to. He would have to make that sacrifice. When a member accepts a nomination to run for a seat in the House of Commons he knows what he is going to get and he knows what his responsibilities will be. If there are men in this house who should sit on this committee because of their particular abilities, who feel that they can do a real job, they should not expect to get $15 a day over and above their indemnities. I am opposed to this committee sitting unless it can do more work than it has done already, unless it can do some real work, and I am definitely opposed to the members receiving $15 a day each.

Mr. ALPHONSE FOURNIER (Hull): Mr. Speaker, the discussion on this motion has been going on since eleven o'clock this morning. I do not know that I can add very much to the debate, but I have listened to so many speeches in this house during the last eleven years, that hon. members should not begrudge me a few minutes to-night to express a few ideas which I have on this motion. I am a member of this committee; I have attended nearly every meeting; I have followed everything that has been going on, and I think I am in a better position to speak on war expenditures than certain hon. members who have spoken before me. In order to understand the setting up of this committee, hon. members would do well to read what was said by the hon. leader of the opposition (Mr. Hanson) on November 12 and December 3, 1940, and on March 4 of this year. I think the followers of the leader of the opposition have lost sight of what has taken place since the beginning of the session with reference to this committee. On November 12, 1940, as reported at page 34 of *Hansard*, the leader of the opposition said:

> I am impelled to propose to the government that it cause to be set up immediately two select special committees which will be charged with the responsibility and the duty of investigating and reporting to this house factually, objectively and truthfully, without bias and without partisanship—and I have no doubt that is possible—what is our exact position (a) with respect to our fighting forces, military, naval and air; and (b) with respect to the production and delivery of all the important materials, equipment and supplies necessary in our war effort.

That is the suggestion which was made to the government on November 12 last. If I understand the record correctly, that was followed by conferences between the Prime Minister (Mr. Mackenzie King), the leader of the opposition and other hon. members. It was found quite difficult to set up these two committees, and later on the leader of the opposition, having studied what had been done in Great Britain, read to the house on December 3 the order of reference to the British committee on national expenditures. Here was what he said on December 3, 1940, as reported at page 615 of *Hansard:*

> That a select committee be appointed to examine the current expenditure defrayed out of moneys provided by parliament for the defence services, for civil defence and for other services directly connected with the war, and to report what, if any, economies consistent with the execution of the policy decided by the government may be effected therein.

That is the order of reference of the British committee, and the leader of the opposition suggested this order of reference as a model for the government in appointing a committee of this house. His suggestion was followed by further conferences between members of both sides of the house, and on March 4 of this year, the Prime Minister moved the appointment of a committee on war expenditures. They had agreed on the order of reference. Some of the words were struck out, and the wording was a little different from the order of reference of the British committee.

After discussion on March 4, the motion was agreed to, following speeches by members on both sides of the house, but no vote was

taken, and the committee was appointed unanimously by the house. The names of the members were in the motion, and they all agreed to serve on that committee. They still recall the words of the leader of the opposition who had said in his speech of December 3:

> I do believe, however, that a committee of private members of this house, sitting day in and day out during sessions and between sessions, could perform a very useful function in assisting the government at this time, and I commend this suggestion to hon. members.

I hope his suggestion was commended to members of the opposition as well as to members on the government side.

I will now read some praiseworthy words which the hon. leader of the opposition used on the same day:

> There is not only a real job to be done, but a job that will tax your capabilities to the utmost. You will have to make substantial sacrifices in serving the state in this way, but it is a patriotic duty which I think some of you ought to perform. I believe a real contribution can be made in this way by private members.

After this lengthy discussion before the appointment of the committee, the house passed the resolution and the committee came into existence. On that committee were represented the Liberal party, the Conservative party, and the two groups to the left. They met first on the 12th of March and held nineteen open sittings. At the sittings a large majority of the members attended. I recall seeing there the hon. member for Vancouver South (Mr. Green), the hon. member for Danforth (Mr. Harris), the hon. member for Lake Centre (Mr. Diefenbaker) and the hon. member for Cumberland (Mr. Black). They all agreed to the procedure from the 12th of March down to the day the subcommittees were appointed by the committee of the whole. They participated in cross-examination of the witnesses. They seemed satisfied with the procedure up to that stage. The only difficulty is that some members wished to proceed faster with the inquiry. I noticed the same state of mind in the remarks of the hon. member for Waterloo South (Mr. Homuth). The hon. gentleman perhaps has had a large experience outside the house, but he does not seem to know exactly how committees of the house should proceed.

Mr. HOMUTH: I sat on them for about twenty-one years.

Mr. FOURNIER (Hull): The hon. member has spoken many times in the house, and I did not interrupt him. Will he kindly listen to me to-night?

Mr. HOMUTH: I did not refer to the hon. member.

Mr. FOURNIER (Hull): In committees the first thing to understand and to keep clearly in mind is the order of reference. The inquiry by the committee must conform to the order of reference. The order of reference to the war expenditures committee was agreed to by both parties, and the chairman of the committee started the investigation according to the order of reference. He called in deputy ministers and high officials of every department concerned. For the first month, if members recall well, the committee held its inquiry in open sessions and proceeded—

> . . . with a general review of the manner in which the Department of Munitions and Supply functions as a central purchasing agency for the three departments of National Defence, army, navy and air, from the time it receives a requisition or contract demand from one of such departments until such requisition is filled, of the various types of contracts which are entered into by the department and the bases upon which such contracts are let, of the various checks and controls in the matter of cost accounting that are exercised, of the manner in which the purchasing organization within the department is set up and functions and a general exploration of the existing checks, controls, care and supervision in the matter of procurring necessary munitions and supplies.

This was the basis of our further inquiries and for the appointment of subcommittees. If this was not the correct procedure to follow, I wonder why the members of the opposition who were sitting in that committee did not object at the time. They all agreed that the procedure was the necessary one so that members would receive correct information. I recall at the first meetings we discussed the munitions and supply act. Many of the members did not know exactly the contents of the act, and before proceeding further it was certainly logical to make themselves acquainted with the different sections and provisions of the act. This lasted for about a month until the Easter recess, and then three subcommittees were appointed and went to work, sitting in camera. This was also decided by the committee of the whole, that the subcommittees would sit in camera unless they themselves decided to sit in the open. Two subcommittees sat in camera and one in the open. At the end of their sittings it was recommended—and this is mentioned in the third report of the committee:

> That the minutes of proceedings and evidence of such meetings of subcommittee No. 2, referred to in your committee's second report as were not held in camera, be printed, 500 copies in English and 200 copies in French and that standing order 64 be suspended in relation thereto.

These committees two weeks ago presented reports to the whole committee. These three reports were adopted by the committee, and they form part of the report of the whole committee.

When the war expenditures committee was appointed, certain reasons were given for its appointment. These reasons were given also by the hon. leader of the opposition. If hon. members will read carefully his speech and the other speeches by members who spoke on the appointment of the committee, they will find that the arguments in favour of the appointment of such a committee were: first, to assist the government in effecting economies and avoiding waste; second, a similar British committee had had good results in Britain; third, to enable private members to perform a patriotic duty; fourth, that the representatives of the taxpayers could get information as to how the taxpayers' money was being spent; and lastly, to satisfy the people that we are doing all we can to get value for the money we spend.

During all the sittings of the committee and of the subcommittees I believe every member had in mind these purposes when examining the witnesses who came before the committee or subcommittees. I may state as a member of the committee that all went well until the last meetings of the whole committee, but at these last meetings the members of the opposition started to find fault with the procedure that had been followed. I do not blame them. They started saying that this committee could not function because there were too many Grits on it and not enough Tories. The hon. member who represented the Cooperative Commonwealth Federation stated that he was satisfied. The hon. member associated with the Social Credit group was not there at the time. Hon. members who criticize in this fashion seem to forget that we have had special committees of this house in years gone by. In 1932, when there was a special committee on civil service matters, although the Liberal opposition numbered eight-one or eighty-two members, we had only two representatives on that committee, the present Mr. Justice Chevrier and Mr. Vallance. I recall that Liberal members were far from satisfied in having so small a representation, but I suppose that it was according to the system and that we received the treatment which seemed fair to the government of the day. Later on, the price spreads committee was appointed, on which we had only four members. Again we were not satisfied; but, after all, the arrangement flows from the existing system of government.

After having listened to-day to the speeches of some hon. members, I am inclined to be discouraged at the manner in which democracy is treated in our own parliament. Hon. members criticize our way of proceeding with public matters; on the other hand, they are all willing to fight for our present way of life. To my mind it seems contradictory that we should criticize everything the House of Commons does, and yet say to the people, "My goodness, this is all wrong, but just the same we are going to fight to uphold our institutions and our parliamentary procedures." I wonder whether hon. members who speak in this fashion reflect that they are doing, perhaps, more harm outside the house by speeches in this vein than the good they can accomplish by their work on the committee.

The hon member for Waterloo South was quite critical of the proposed $15 a day living allowance for members of this committee. I do not recall the amount of the allowance received by members of Mr. Stevens's price spreads committee.

Mr. MACKENZIE (Vancouver Centre): Twenty dollars a day.

Mr. FOURNIER (Hull): Twenty dollars a day under a Conservative government.

An hon. MEMBER: It was worth it.

Mr. FOURNIER (Hull): Nobody criticized the amount at that time. The best argument for maintaining an allowance for hon. members who sit on committees is that there are many who cannot afford to attend unless they receive it. I believe that their constituents and the people of Canada generally expect hon. members to attend the sittings of the committee; they believe that their representatives can do a useful job for the country, and are willing that they receive a living allowance. Some suggestion has been made that hon. members should sit without receiving any allowance. That may be all very well for the millionaires, if any there be, who are members of the committee, but the state does not require that sacrifice from the ordinary man who has to come to Ottawa and maintain himself as well as, perhaps, his family here. All the state asks is that a member shall do the best he can for his country; it does not want him to starve while he is doing his duty. Some hon. members have assured me that they could not afford to remain on the committee unless they received some allowance. I am not interested in the amount, but I believe hon. members should receive something. It is not a question of hon. members being paid to do their duty. They will have made enough sacrifice in spending the summer months here, without being required to pay their expenses.

I do not share the idea of the hon. member who thinks we should reject an allowance. I shall have no hesitation in accepting my living expenses, and I believe my constituents will approve my doing so.

They believe that what I can do here will be worth more than my living expenses. There will be no criticism across the river if I accept an allowance, just as there was no criticism when the Bennett government paid $20 a day to the members of the price spreads committee. Why should we be holier than the holy? It seems to me sometimes that some hon. members speak just for the press and to impress the public and show how good they are. If it were their obligation to come here and spend six months of their time without receiving any living allowance, how many would accept the job? I do not hear a very loud response.

If we are convinced that we can do useful work as members of the committee, that we can save the country money by reforming certain procedures or elements of the system, it will be worth while for the country to defray our living expenses. This committee was set up to try to find ways of saving the people's money if there is waste in war expenditures. I do not suppose that up to the present time any hon. member could make an exact estimate of possible economies, but I am sure nobody will say that the committee cannot find ways and means to save money. I have not yet heard one member of the committee assert that it is of no use. All its members, whether on the government or the opposition benches, believe that there was good reason for its appointment and that it can accomplish something useful. But some hon. members are determined to criticize. Having convinced the government that the committee should exist, they are now trying to find reasons to make it disappear. It is a funny world we live in. In one breath they advocate the committee; in the next breath they assert that everything the committee is doing is wrong. I believe, however, there is one thing upon which we all agree. The moment this motion is passed, it will be found that all our members, like good little boys, will come back here on July 2 and sit on the committee and do their best. They are all good citizens, sincere and ready to work, and most of what we have heard this afternoon was intended merely for the galleries or to put on a show, because the members who have criticized are as interested as we are in the welfare of our country, and they are doing useful work. I wish to state that the hon. member for Danforth, one of the prominent members of the committee, has been very helpful; he has offered a number of useful suggestions. I can say the same with regard to the hon. member for Lake Centre, a hardworking member, and also with regard to the hon. member for Vancouver South, whose only grudge against us is that he would like to have as many Conservatives on the committee as there are Liberals.

Mr. GREEN: It would improve it a great deal.

Mr. FOURNIER (Hull): But the hon. member knows that that is impossible, and I am sure he is willing to carry on with the committee the way it is.

Mr. GREEN: You people do not know there is a war on.

Mr. FOURNIER (Hull): The hon. member is doing a useful work, and he will be here with the other members during the summer; of that I am sure. Every hon. member agrees with what I have said, so that all this discussion has been a waste of time. I think myself I have wasted a lot of the time of the house, and so I will sit down.

Mr. J. K. BLAIR (Wellington North): I am almost alarmed to find myself in accord with the hon. member for Waterloo South (Mr. Homuth).

Mr. MacNICOL: The hon. member must be right once in a while.

Mr. BLAIR: But I am no less alarmed when I see this committee, mostly an organized crowd of lawyers, wanting to spend the summer here. I have every confidence in the government and in the way things are being handled, and I believe that a lot of the criticism can be cut out; I do not think it is necessary. What is the use of asking a band of lawyers to look after questions of medical services? If you ask me if they have any value, I say they are not worth a postage stamp.

An hon. MEMBER: They may not be worth the mucilage.

Mr. BLAIR: Here the house has appointed a committee, and there is not a doctor or a dentist or a druggist on it. Yet there are many doctors in the house, and they should be represented on a committee dealing with medical matters; I would not care what parties they were taken from. The idea of having a medical committee without a doctor, or even a druggist or a dentist! A band of lawyers are going to deal with medical questions! On that subject I would not give five cents for the opinions of all the lawyers in the house. They do not know an osteopath from a chiropractor. One can talk to them about anything, and what do they know? They are simply quacks when they step out of their profession and express opinions in medicine. I have sat in committees and heard the most absurd statements made, and I have said to myself, "If this sort of thing should happen in a medical committee, heaven help Canada." I hope that these men will be sent home to employ themselves in other ways so as to allow the government to go ahead. They have only a nuisance value.

Mr. J. H. HARRIS (Danforth): Before making any general observations on the motion before the Chair, may I say first of all that after listening to the speeches that have been given to-day, I am wondering whether we realize the serious state in which our civilization finds itself at this moment. I wonder whether a good deal of the comment that has been made, both in the committees and in this chamber, might not profitably be relegated at least to a secondary position so that we might all fully realize, as was said over the air the other night, that the hun is at the gate, and that there is a war on. Let us get down to business and see if we cannot in some way assist Canada, even if it must be through the instrumentality of a partisan government. If that is the only way we can do it, then let us go ahead and do it that way. I say that, much as it annoys me to see evidences of partisanship displayed at this critical time.

In approaching the consideration of this third report and the motion for concurrence therein, I wish to place on record the reasons why as a member of the committee I find it necessary to vote against the report. I would refer to what the hon. member for Hull (Mr. Fournier) said just now. Not until within the last two or three weeks was there any dissension—I believe that was the word he used—or any conflict of opinion. Look at the record. At the very first meeting that was held, the result of the proceedings of the committee was adopted on division, and the reason for the division I will recite in a moment or two. Before doing so, however, and in order to make the record complete, I will read from the report to show what is asked for. I quote:

1. That the committee continue its inquiry notwithstanding such adjournment.

2. That the committee be empowered to sit notwithstanding any adjournment of the house and to adjourn from place to place; to sit in camera or otherwise as it may from time to time determine; to determine the manner and extent to which the evidence and proceedings should be printed or typed and to employ such secretarial, clerical and other assistance as it may deem necessary.

3. That six members of the committee constitute a quorum during the said adjournment and that standing order 65 (3) be suspended in relation thereto.

4. That any subcommittee appointed by the committee have power to sit notwithstanding any adjournment of the house and to adjourn from place to place.

5. That the minutes of proceedings and evidence of such meetings of subcommittee No. 2, referred to in your committee's second report as were not held in camera, be printed, 500 copies in English and 200 copies in French and that standing order 64 be suspended in relation thereto.

Subcommittee No. 2, I may say in passing, was the one on which I had the honour to serve.

As I said a moment ago, at the very first meeting of the committee there was not unanimity of opinion as to the manner in which the committee should conduct itself; and after we had resolved among ourselves in this chamber that, as the hon. member for Vancouver South (Mr. Green) has said, everything political should be left outside the committee room, we saw evidence at once that our friends who occupy the treasury benches were using the steam-roller, as an hon. member has said, to have their will imposed upon the committee.

I recall asking that the first report be one of the kind which is common in this house, namely, that the evidence be printed. The hon. member for Lake Centre (Mr. Diefenbaker) insisted on a definition of policy, as to whether or not we should sit in open session. He was the first one to raise that question. I had the honour to move a motion in that committee—as a member of the committee and not as a member of any political party—that there be open sessions, but the chairman of the committee, the hon. member for Selkirk (Mr. Thorson), did not put my motion. He endeavoured to discharge the committee that day without the question of open sessions being considered. He rose from his chair and adjourned the committee until the next day, or tried to adjourn the committee until the next day, without giving consideration to the item which has the first place on every report that I have ever seen presented to this house, namely, that the evidence be printed, 500 copies in English and 200 in French. Then, when it was called to his attention, the secretary of the committee put a note on the record. They retired from the committee at one o'clock that day and returned the next day; and even though my motion was not put, the hon. member for Halton (Mr. Cleaver) rose in his place, heading off the member for Danforth, and put the motion himself, when he saw the spot they were in, that the evidence must be printed. The motion was put and carried, and the report came down to the house, but that section of the report took its place fifth on the list instead of first, where it ordinarily belongs.

That responsibility is entirely that of the chairman of the committee in introducing that partisan feeling at the very start. But we were all, or most of us at any rate, imbued with the idea that we might be able to do something on behalf of the war effort, and we tried our level best throughout the sittings to ignore all such indications of partisanship.

My second reason for voting against this general report is that we have not had the aggressive leadership within the committee which the people expect from it; that we have not applied ourselves with diligence to the work which was entrusted to us; that we have not carried out the mandate of the Prime Minister, namely, that the private member was to have an opportunity to do something effective. In the United Kingdom a similar committee was set up in December, 1939. The idea was advanced in this house in December, 1940, one year later, and we did not get down to any particular work until March 12. That much time was lost. We had altogether nineteen sessions, and the three committees had thirty-four, an average of a little over eleven each. And we thought we had work to do.

On April 8 we adjourned for the Easter recess. Nothing was done from April 8 to April 30, and very little until May 5. Everything seemed to be operating in such a way as to discourage us from going ahead with the work; yet my hon. friend the chairman of the general committee in his opening speech, when the bid was made for the chairmanship of the committee, suggested that we should be realists on the committee. "Let us all be realists on this committee," he said. But I have seen no evidence of any desire on his part to be realistic in the committee. To-day he said that our principles were confused but that now they were being clarified. I would say that it is confusion worse confounded after the speeches which have been made to-day. Why do I say that? Because the chairman has surrounded us with all sorts of inhibitions with regard to the purposes we had in mind.

The Minister of Munitions and Supply (Mr. Howe), when asked a question earlier in the session, replied that this committee would be sitting shortly and could consider the point raised. To-day the minister rose in his place during the heat of argument and said to the hon. member for Lake Centre, "Make your charge." The chairman of the committee emphasized time and again that this was not a public accounts committee; yet to-day the Minister of Munitions and Supply says, "Make your charges." Then the hon. member for Selkirk went on to say that this was not a fact-finding committee. Someone asked, "What is it?", and I begin to wonder what kind of committee it is. We seem to be making the rules as we go along; we do not seem to have any plan or policy with regard to the conduct of the affairs of the committee.

When the committee does sit, what do we find? I do not mind helping in some way on a general committee of this kind; but the hon. member who has just resumed his seat said that we were privileged to have a great deal of legal talent on the committee. I would not say that this was political legal talent, put there for the purpose of seeing that nothing happened to the administration; but after we convened, how often did the chairman of the committee ask the members of the opposition, "What do you want to do now?" or "What do you say to that?" or "Will this meet the situation?" There was not a constructive suggestion from any of the Liberal members of the committee; the discussion centred round what those of the opposition wished to say. What did they want to investigate? We were not applying ourselves as a body of eighteen men who had left their politics on the doormat; we were placed in the position of asking questions at the behest of the chairman. Then, when the question was asked, we had to sit and listen to a lecture by the chairman. The hon. gentleman said that one of the advantages of having closed sessions would be that hon. members would not make speeches, but I say to him that in all my experience with many committees and boards of one kind and another I have never seen a chairman who had so much to say, who gave so many lectures to the members of the committee, as he did during the course of the proceedings of this committee.

Mr. FOURNIER (Hull): The hon. member had a lot to say, too.

Mr. HARRIS (Danforth): Had I not had a great deal to say, Mr. Speaker, there would not have been very much work accomplished, because the other members of the committee who were supposed to be working in the interests of Canada sat there dumb and had nothing to offer unless it was to talk down some constructive idea that had been advanced by one of the opposition members of the committee.

I have referred to the question of sitting in camera. In connection with this committee I am probably in a class by myself, since I am the only member of that committee who has not sat in camera at any time. I have been sitting in open session throughout, and if I am privileged to continue to serve on this committee I intend to continue to sit in open session. Why? The people of this country are kept informed by a censored press, which is very careful not to hurt Canada's war effort. I believe the work of a committee sitting openly will have a far better effect on Canada's war effort, from many points of view, than will the work of a committee sitting in camera, as to which the people of Canada can have no knowledge

We must keep the morale of our people at a high level, and the only way that can be done is by keeping them informed and taking them 100 per cent into our confidence. There is no hon. member who would make a single utterance that would give any comfort to the enemy. If there should be such a member, he does not belong here; he should be ostracized and compelled to find some other sanctuary.

Let Canada know the facts. Let the private serving in the ranks know that we are helping. Let the contractor who wants to obtain a government contract know that we are not only helping him but also watching him, in order to see that the contract is fair and right. Let the officers in our camps, who are looking after the men, know that we are anxious to help them, but that any extravagance on their part is going to be checked. Let them know how that is going to be done; let them be given a little guidance. Let the man working in a munitions plant know that we are helping in every way possible and that his boss is not making extravagant profits. Then the man will go to work in the morning with a little better feeling than will be the situation if he hears over the radio or sees in the press that a committee is sitting in secret to examine these matters. If the working man learns that we headed into many mare's-nests, to use the words of the hon. member for Halton, and stopped there without learning what else was in the nests or what was going to come out of them, does that inspire confidence in the government? Yet the hon. member sits in secret session at the behest of the chairman of the general committee.

This afternoon the hon. member for Halton let the cat a little way out of the bag in one or two respects, rather to our surprise. Then the minister who was leading the house at the time, the Minister of Pensions and National Health (Mr. Mackenzie) rose and slapped the hon. member gently on the wrist, telling him, "You must not do that; it is not quite right." The minister also appealed to the Speaker for support, and he was reinforced by the chairman of the committee, who delivered a little lecture on ethics and gave the hon. member for Halton a verbal spanking. But after the last slap had been delivered, the hon. member rose in his place and in a split second gave his position mature consideration and intimated that he would say nothing more about it; but the mature consideration came after he had received his little spanking from his senior, the chairman of the committee, and the minister then in charge of the house.

The hon. member for Halton rather scolded the hon. member for Vancouver South for not having attended all the meetings of the committee. No man in this house has done more for the returned men of this country than has the hon. member for Vancouver South. I complained previously because this committee sat while the pensions committee was sitting. The hon. member for Vancouver South divided his time between the two committees as best he could, and was absent from the war expenditures committee only when something of importance was being considered by the pensions committee.

Some of the rest of us found ourselves in an awkward position. Personally, I was supposed to appear on three committees, as well as in the House of Commons. That was four places I was supposed to be in at the same time. I had sat on the committee on railways and shipping since its inception; but this session, because a more important committee was sitting, I found myself of necessity absenting myself from the railway committee. I did not miss one meeting of the war expenditures committee, but at the same time I had to carry along my other work. Then the hon. member for Ontario (Mr. Moore) rose in his place, and asked permission to have the committee on banking and commerce sit while the house was sitting. Then, in addition, the committee on railways, canals and telegraph lines was sitting while the war expenditures committee was sitting. We were supposed to be in five places at one time. It is rather bad form for the hon. member for Halton to criticize the hon. member for Vancouver South (Mr. Green) for missing the odd committee.

Then, after the demonstration to-day by the hon. member for Halton, it runs through my mind to ask what confidence the witnesses who are called in future to attend camera sittings will have, if they realize that the matters discussed in those sittings are to be discussed openly in the House of Commons. The hon. member for Halton has said either too much or too little. He has crippled our activity so far in carrying on a discussion of that subject, and not giving the whole thing. We wonder what really happened in the secret committee, and whether or not we shall find out. I do not know whether we shall ever find out exactly what happened.

Inasmuch, however, as I had the honour to serve on subcommittee No. 2, and inasmuch as that subcommittee was favoured with a chairman who took a fairly broad view of things and who kept the sessions wide open, perhaps I might confine my remarks to what occurred in that particular subcommittee. The sessions were open, and I congratulate the chairman of that subcommittee, the hon.

member for Swift Current (Mr. Graham) for keeping them open. I say to him and to the house that if his committee is reconvened it should be kept wide open.

Incidentally, we were all prematurely fired, as it were, or dismissed. But if we get together, and re-form ourselves, and if the hon. member is again honoured with the chairmanship of the committee, then let him keep the same broad, open view he has had with regard to the conduct of the affairs of that committee, and he may make some progress. Further, I say to him, and this in a critical tone, that when the chairman of the subcommittee drafts his report, and when he takes it to the chairman of the general committee, and they sit down to discuss the matter, he ought not to let the chairman of the general committee mutilate or destroy the original report from the subcommittee. I sat on a committee which passed a report of thirteen pages, and when we came back next day we found that the draft was mutilated. It was almost, in fact, destroyed. Only a few lines which the house now has before it remain of our report. Some of the vitals of that report were entirely removed from the animal, and he could not function. He was ruined, and much spoiled as a scarecrow—he had lost his scarecrow value.

The hon. member for Victoria, British Columbia (Mr. Mayhew) made the suggestion that it is impossible to cover the wide range the committee would have to cover. But the committee might be of some use on account of its scarecrow value. It might keep the crows out of the corn patch—the crows being those who would like to feed on the moneys available for war expenditures, moneys they are not putting up out of their own pockets. They would feed, even as the crow in the corn patch. If a scarecrow for each committee is going to be of any use, then I say to the general chairman, take that scarecrow out of the barn, put him up in the centre of the field, and keep the crows out of the corn patch. If any of the crows do get into the corn patch, I say that this house ought to realize the fact, as I said in my opening remarks, that these are serious times, and that what is now taking place is a very grim business. We ought to put that crow up against the wall, and shoot him. That is the way I feel about this procedure, and that is what I would do with those who would get into the corn patch to profit on war expenditures.

Therefore I criticize the hon. member for Swift Current most vigorously for permitting the mutilation of his report. And I am not alone. I call to witness the hon. member for Wellington South (Mr. Gladstone). He picked up apples at Lansdowne park and looked at them. He put some in his pockets, and brought them up for the examination of experts in the house who knew something about apples. I have in mind the hon. member for Durham (Mr. Rickard) who is not at present in his seat, the hon. member for Elgin (Mr. Mills) and the hon. member for Northumberland, Ontario (Mr. Fraser). Any of those hon. members, or any hon. members who are not apple experts, but who know the difference between a domestic No. 1, No. 2, No. 3 and a cull, and who know the difference between fancy grade and domestic grade, must agree that some crow sold apples which were inferior to specifications, and had them delivered to Lansdowne park.

Why was the report mutilated? Why was that apple clause struck out? Some answer should be given. Just to keep the record straight I will read the specifications regarding raw apples. There are two general grades —and, in passing, why does the specification call for fancy apples in western Canada and domestic apples in eastern Canada? I believe the boys in the camps would be satisfied with good domestic apples, but why is there a distinction? I shall not take the time to read the specifications in detail, but the requirements for domestic apples state that the apples shall be Canadian grown, and at the time of delivery shall meet the requirements of domestic grade. The specification in the west, for fancy grade, is that the apples shall be Canadian grown, and at the time of delivery shall meet the requirements of fancy grade. I ask hon. members to rise in their places and say that the apples which they saw in these camps, and which we saw at Petawawa were either domestic or fancy grade —or were they just culls?

The hon. member for Waterloo South mentioned that we were talking so much about what kind of beef the troops are getting. I think we should know something about that matter, and I believe it would not do any harm to place on record some information as to what occurred. I get my information from a return which was asked for in the house by the hon. member for Huron North (Mr. Cardiff) and the hon. member for Prince Edward-Lennox (Mr. Tustin). They asked definite questions as to whether cow beef was being supplied in place of butcher steers. I point out these facts designedly to show that there seems to be a tendency on the part of the administration not to cover the whole field of an inquiry or to give a full answer to a question when it is asked in the house.

This return comes from the Department of the Secretary of State, and is signed by the

Secretary of State (Mr. Casgrain). The return is dated Monday, March 31, 1941, and the questions are as follows:

1. Was cow meat supplied in place of steer meat to military district No. 11 during 1940?
2. If so, who was the contractor?
3. For how many weeks was this meat delivered to military camps in British Columbia?
4. Was quality of meat supplied up to department specifications?

The answer shows that on the afternoon of October 12, 1940—and I ask hon. members to note the date, because October 12, 1940, was a Saturday,—a contractor delivered a consignment of beef. The contract was to deliver such and so, according to specifications. The result was that a signed telegram was sent in these words:

Ration board rejected part shipment beef account wastage. Medical officer supports decision. Shipments cow beef this camp must stop. Matter being referred to headquarters.

At the same time another answer came down to a question which had been asked by an hon. member. He asked if the department had made a claim, and the answer was that they had made a claim and that $429 had been paid back in January, 1941. What else was paid back? Was there any voluntary contribution made to settle the claim? Is that the complete answer? If we could get a little more frankness, the answers might be worth while. Let me move to the next phase of this same question. What is cow beef? What are the specifications? Here are the specifications which were in effect prior to March 1, 1941, the old specifications:

Beef, fresh. The beef shall be butcher steer or heifers, both to be of good quality, properly fed, with suitable distribution of fat, and to be well slaughtered at least six days before the time of issue. The beef to consist of equal proportions of fore and hind quarters, the neck, head and offal to be excluded, and none of the suet to be withdrawn, the quarters to be standard dressing. The quarter of beef to weigh not less than 115 pounds nor over 185 pounds, or in cases where the demand is less than the weight of a quarter, it shall be supplied in one piece containing a fair proportion of best to other part. All beef must bear the official government inspection mark.

The new specifications, effective March 1, 1941, are as follows:

Beef, fresh.

1. Beef shall be from steers or young female cattle. Beef from bulls, stags, and mature cows and thin, underfinished or excessively fat carcasses, shall not be included.

What happened in the meantime; what happened in between the two sets of specifications, the old one demanding that it be heifers, and the new one demanding that it be young, female cows? I have a constructive suggestion to make; otherwise I would not raise this question. In between comes the definition of what is required. I am going to put this on the record because I think it is a serious matter. Here is the letter:

H.Q. 1772-39-938 (DST)
Department of National Defence
—Army—
Ottawa, Ontario,
7th February, 1941.

D.S.T. Letter No. 3—1941
The D.S. & T.O.,
All military districts.

Re: Specification for beef.

1. As some misunderstanding appears to exist as to the kind of beef that is acceptable under specification No. 7-M-4, dated 31st December, 1940, and in order to clarify the situation, it is desired that all R.C.A.S.C. officers i/c supplies be informed that maiden heifer or heifer beef is acceptable.

2. The interpretation of heifer beef is a female animal which has calved once or twice but not more than twice, under these conditions the udder of such animals would be generally firm showing only a small percentage of sponginess. The acceptance of such beef will, of course, depend upon the carcass meeting all other clauses of the specification referred to in para. 1 above.

H. O. Lawson,
Colonel,
D. of S. and T.

It is absurd to ask officers in charge to tell whether or not the beef is cow beef or heifer beef. They cannot tell if it is a maiden heifer or whether she has had one calf or two calves, and they have no chance in the world to examine the udder. When the udder is taken off the carcase, it is shipped down to the mink or fox farms to be fed.

Mr. RALSTON: Would my hon. friend permit a question?

Mr. HARRIS (Danforth): My constructive suggestion is that in the new specifications there should be a straight separation between the different kinds of beef.

Mr. RALSTON: The hon. member should read all the specifications instead of only half.

Mr. HARRIS (Danforth): Here is the rest of it:

Beef shall be from relatively young animals as indicated by a range from red to greyish colour in the spinal process and the ends of the vertebrae must show the soft pearl-like cartilages or buttons. The aitch bone will be red in colour and porous, having a pronounced knob at the lower end, and showing the presence of white cartilage. Beef shall be well fleshed with an exterior covering of fat over the loins and ribs which may or may not extend over the full surface of the chucks and rounds.

Heads shall be removed at the atlas or first cervical joint. Feet shall be removed by dissecting with a knife at the knee joint; front feet at the top of the radius; hind feet at the top of the tarsus. All protruding sinews shall

be removed. Carcases shall be split down the centre of the vertebrae and the spinal cord entirely removed. All bruises, blood clots and inflamed portions of the surfaces of the carcases shall be trimmed so that only the merest trace of the damage remains. Tails shall be removed at the second cocygeal or tail-bone joint. None of the suet shall be withdrawn.

Carcases shall be hung in cooler for six days prior to delivery. The beef shall not be beef that has at any time been frozen.

Quarters shall not weigh less than 125 pounds or more than 185 pounds, and shall be supplied in equal proportions of fores and hinds.

All beef shall bear the Canadian government inspection legend and shall be slaughtered in conformity with standard practices and according to methods and conditions approved by the health of animals division of the Department of Agriculture, Dominion of Canada, and the tenderer must state the establishment or establishments in which the beef he proposes to supply will be slaughtered.

Mr. RALSTON: Does my hon. friend say that from that specification one could not tell the age of the beef?

Mr. HARRIS (Danforth): The minister can reply when I have finished. I know a good deal more about butcher steers and heifers than perhaps the minister. I make this constructive suggestion. In future military beef contracts there should be a new inspection service whereby the government grader marks the beef in each plant with the letters "D.N.D.". I suggest that separate prices be requested for steers and heifers, and that they be invoiced in that way. This would be the fairest way to deal with the matter. The military people want beef that is not wasteful. In heavy, well-finished cattle, they claim there is too much kidney fat. There should be a better way of distributing these contracts, which in the end would benefit the farmer. If the buying committee could allot the contracts month by month, in accordance with the contractor's facilities to supply same, and on an agreed basis of quota, it would make for better conditions in the industry and assure a more uniform supply of beef to the military camps.

Under the present plan, if one packer secures a large share of the beef business at below market value, he is in a position to reduce the price to the farmer on this type of beef, or he may skimp on the quality he delivers to the camp in order to avoid a loss. The government do not want to buy beef on a basis that will mean a reduced price to the farmer. It should be as important to the government to take steps to see that a fair price is paid to the farmer for cattle supplied on military contracts, as it is to see that a fair price is paid for hogs and wheat. Why did the hon. member who is chairman of subcommittee No. 2 allow his report to be mutilated and changed? Instead of saying that the beef supplied is stamped with "D.N.D.", why could he not be frank in his report and say that that which had been supplied previously, at least up until the last few weeks, had not been stamped "D.N.D."? The chairman of the main committee has said that individual members could not be allowed to take any credit to themselves for any particular feature of the work. In reply to that I would say that this committee ought to justify its existence by doing something of real value.

I shall discuss only one or two points in report No. 3. It might be all right to load up the inside service with civilians; there might be some economy there, but when it comes to the outside services and the camps, I am of opinion that all the men should be in uniform. At the present time there are too many civilians going into and coming out of the camps. Whether they are there for the good of the war effort or for their own good, I am not in position to judge. I would hesitate to allow a greater number of civilian personnel into the camps.

Subcommittee No. 3 made a few specific recommendations. They suggested that there should be a saving on stationery, printing, advertising, telegrams, telephones, transportation, heat, gas, oil and so forth. They might in the end get dollar for dollar value. The report in that respect alone has some scarecrow value. That little sentence alone will help. How much more helpful it would be if these meetings were wide open and the world knew what we were doing!

Another matter which concerns me greatly, and which I address myself to all alone, is the suggestion that the members of the committee receive pay while they are sitting during adjournment or recess, if we are going to sit. Speaking for myself, I say no. We are paid from session to session. That should be enough. I said in the committee, and I say to this house now, that for the duration of this war I shall be happy to serve anywhere. I shall be happy to serve at any war work at any time and do all I can to help out in our war effort in any capacity for the duration of the war. I am glad that the Minister of Finance (Mr. Ilsley) is in his place to-night. I do not think I shall be breaking any confidence between him and myself if I remind him that at his telephonic request I arrived in Ottawa on October 15, 1940, and discussed with him some problems that he had on his mind in trying to check waste on behalf of Canada. At that time I had the honour and privilege of confirming our conversation, and

the minister will recall that I wrote him a letter from Toronto which reads in part as follows:

October 22, 1940.

Hon. J. L. Ilsley,
Minister of Finance,
Ottawa, Ont.

Dear Sir:—

This will serve to confirm our telephonic conversation of Thursday, October 10th, the exchange of wires same date, and the interview given the writer in Ottawa, Tuesday, October 15th.

At this conference I intimated to you, in a like manner as I previously intimated to the Hon. Mr. Howe and the Hon. Mr. Ralston, that I am anxious to do everything possible to assist Canada in our war effort. I therefore place at the disposal of the government of Canada—

(a) My services as an individual to serve anywhere in any capacity.

I do not need to recite the other paragraphs because they cover just the matter of my giving the government material things over which I have some control. When I say to this house that I will not accept any remuneration whatsoever, I do not wish to tie other members of the house. Let their conscience be their guide so far as they are concerned. What matters if we do not win this war? That is the position we are in. In like manner I have also a copy here of a memorandum from one of the district recruiting officers, Toronto, as follows:

To District Recruiting Officer,
61 Albert street,
Toronto, Ontario.

Please interview the below-mentioned prospective soldier for enlistment in a branch of the Canadian Army (active).

Then particulars follow concerning the member for Danforth and his qualifications to be of some assistance in the ordnance department, signed by the recruiting officer for the district and myself.

While I am in this position, I will not under any circumstances accept any remuneration for any war work outside the ordinary sessional indemnity, and I intend to adhere to that course. Can we not realize, as the chairman of the committee, the hon. member for Selkirk, said to-day, that these are grim days and this is a grim business we are in, and that we must have unity, we must have tolerance, we must not have speeches like that we had a minute or so ago from the hon. member for Hull (Mr. Fournier), ridiculing those of us who wish to serve. That gets us nowhere. We must have self-sacrifice. We must have a clear conception of the tasks that lie before us and start in to execute those tasks, let the chips fall where they will. Shoot the crows at sunrise. Make sure, Mr. Speaker, that every gun, every bit of ammunition, every tank, every ship, every plane, every man, and every dollar are placed at the disposal of democracy and used where democracy is fighting for its life. The front line of democracy to-day is in Britain, and let us help her in every possible way we can to complete the job.

The night before last I was rather intrigued by the closing lines of a radio address by Mr. Farrell in the "Between Ourselves" series, over the Canadian Broadcasting Corporation's national network, and I shall delay the house long enough to read them because the sentiments expressed in these verses have moved me to make some of the remarks I have made to-night. Let us all say in the words of this verse:

For all we have and are,
For all our children's fate,
Stand up and take the war,
The Hun is at the gate!

Our world has passed away
In wantonness o'erthrown,
There is nothing left to-day
But steel and fire and stone!

Though all we knew depart,
The old Commandments stand:—
'In courage keep your heart,
In strength lift up your hand.'

Once more we hear the word
That sickened earth of old:—
'No law except the Sword
Unsheathed and uncontrolled.'

No easy hope or lies
Shall bring us to our goal—

I should like to repeat that top line, "No easy hope or lies shall bring us to our goal." Those easy hopers and wishful thinkers to my mind are worse than the fifth-columnists. No easy hope, for we are in a grim business. We have work to do:

No easy hope or lies
Shall bring us to our goal,
But iron sacrifice
Of body, will, and soul.

There is but one task for all—
One life for each to give.
What stands if Freedom fall?
Who dies if England lives?

Mr. V. J. POTTIER (Shelburne-Yarmouth-Clare): I am not going to attempt to follow the eloquence of the last speaker (Mr. Harris, Danforth), but I should like to touch on one or two of the points discussed this afternoon by the members of the opposition on the committee.

First of all, it was suggested that in setting up the committee we should have followed what was done in England where there was, it was said, equality of representation on the committee; or, in other words, as many

members of the opposition group on the committee as members of the government. I have looked at the composition of the British committee and of our own committee, and I find that in the committee of this house, where we have 184 Liberals, there are eighteen Liberals on the committee; there are thirty-nine Conservatives in the house, and four Conservatives on the committee; there are ten of the New Democracy group in the house, and one member on the committee; there are eight members of the Cooperative Commonwealth Federation in the house, and they also have one member on the committee. If we followed the suggestion that was made by members of the opposition we would have as many Conservatives as Liberals on the committee except for the chairman.

Mr. GREEN: If I might interrupt the hon. member, my suggestion on that point was that the total opposition strength in the committee should be the same as the government strength, with the exception of the chairman and vice-chairman. My suggestion was not that there should be as many Conservatives as Liberals.

Mr. POTTIER: But other members of the opposition did not suggest that.

Let me now go briefly over the composition of the British committee. In the British house there are 387 Conservatives, and eighteen Conservatives on the committee; fifty-four Liberals, including the National Liberals, in the house, and there are three on the committee; there are 162 Labour members in the house, and eleven on the committee, and there is one member, Mr. Edwards, whose party I could not ascertain. Therefore we here in Canada have approximately followed the plan that was followed in England of representation by parties. If we look at the numerical strength of their parties, it will be seen that we have followed just about the same plan in the composition of our committee.

If we follow the reasoning of the opposition, we are required to assume that because a man happens to be a Liberal member of this house, there is something about him which disqualifies him from serving on a committee. This, it seems, is because the people of Canada happened to elect a large number of Liberals. After all, it was not the Conservatives who elected the Liberals; they were placed here by the people of Canada, and it is hard to understand why, because they happen to be members of a majority group, they cannot fulfil their duties or exert the privilege they have of serving the country on this committee. Such an argument altogether offends one's sense of fairness; for, after all, what can be fairer than to give hon. members the right to serve in the proportion that the people have elected them to this house?

A word about the subcommittees. It has been suggested that in the old country their composition is so balanced that there cannot be any partisanship or any flavour of politics about the membership. Let us see how they are composed. There are eight subcommittees, and with your kind permission, Mr. Chairman, I shall briefly indicate their composition:

Coordinating subcommittee: five Conservatives, one Labour, one Liberal, one National Liberal.

Army services: five Conservatives, one Labour.

Naval service: three Conservatives, one National Labour, one Liberal, one, I think, a Socialist.

Air services: three Conservatives, two Labour.

Supply services: four Conservatives, one National Labour, one Labour.

Home defence: three Conservatives, two Labour, one Liberal.

Trade, agriculture and economic warfare: three Conservatives, one Liberal Nationalist; one Labour.

Transport: four Conservatives, two Labour.

I find there no attempt to balance the membership of either the large committee or the subcommittees. Such a matter was never thought of over there. Members of the British parliament are given credit for having enough sense of fairness and justice to give impartial consideration to any and all matters when they are appointed to these committees. I do not take kindly the suggestion that because an hon. member happens to be a member of this group or that, he cannot give of his best in the present struggle and in our attempt to save every dollar and to see that a dollar's worth of service is given where a dollar is spent.

The next suggestion made by the opposition is that the proceedings of our committees should be open. They do not go to the British system to find arguments for that contention. In point of fact we go farther in this direction than they do in England. Opposition members in particular have been arguing that, because these committees operate in secret, there is something about them which should be looked upon with suspicion. Let me read a resolution passed by our main—Canadian—committee. The wording is important:

That the sittings of the subcommittee shall be in camera except as the subcommittee may otherwise from time to time determine.

I hold in my hand the report of the select committee for the sessions 1940-41 of the British parliament. It happens to be their fifteenth report, and at page 7 is this statement:

The subcommittee shall sit in private.

There is no provision whereby the English committee can sit openly from time to time if they so decide. Subcommittees there have not the power to hold an open meeting. It is a strange kind of argument which we heard, for example, from the last speaker, who said that he attended a number of committee meetings and that they were open, while the opposition speaker just before him argued that their party cannot continue to cooperate in this movement for efficiency of expenditures because the committees are meeting in camera. One contradicts the other. The committees and the subcommittees have the power to hold open meetings when they believe that the public welfare or the general good will be enhanced by so doing. There is no such power in the old country.

Let not the people of Canada be deceived by the notion that there is something suspicious about secret meetings of committees, that the members who serve on these committees have ulterior motives, that they have done something which should not have been done. Such conclusions are entirely wrong. We hear from the opposition that we should follow the English lead; the leader of the opposition himself (Mr. Hanson) suggested that these committees should adopt the English plan. Yet, when we follow that plan, and go even a step farther, we are accused of "muffling" practices, of doing things which should not be done, of standing for things which should not be tolerated.

Another criticism which rather disgusted me was the suggestion that steam-rollers were brought in and put into high gear. One might think that this committee was building highways or crushing stone or something of that kind. Reference was made to "political pressure". It is my conviction, recalling the speeches of opposition members to-day, that I have heard more talk of politics and partisanship in this committee from speakers in half an hour to-day than I heard in the month I served on the committee. It is my recollection, and I give it as such, that the only member who indulged in any partisan talk on the committee was the hon. member for Vancouver South (Mr. Green), who obtruded it on several occasions. At no time did I hear any Liberal member mention politics. I can say the same for the Cooperative Commonwealth Federation and Social Credit representatives—the more credit to them.

Therefore, looking at this picture, I hope the country will not get the impression that there was a "scrap", as one hon. member remarked this afternoon. I have never attended a more friendly committee than the subcommittee upon which I served. We never took a vote; we never disagreed. There were two Conservatives and three Liberals, and we got along beautifully. I believe the same can be truly said of all the subcommittees. Contrary to the impression which has been spread here to-day that there was a lot of confusion and "scrapping", it is my recollection, which I am giving because I do not want the wrong impression to go out, that nothing of the sort took place.

It is unfortunate that the situation which exists now should have arisen. Suppose we go back a few months to the time when the leader of the opposition suggested the setting up of this committee. He gave as his reason the fact that expenditures made by the government had to be watched in the interest of the public. But what do we find now. One member after another of the opposition rises in his place and, for one reason or another, objects to the motion before the house being adopted, thus virtually breaking down the very fabric on which the committee is to carry on. One suggests that it should split up into territorial committees; another says that we should reduce the number; another says that we are not going at it in the right way; another says that it is too partisan; another says that there is not sufficient aggressiveness. Take all these and other representations that have been made, and you cannot come to any other conclusion than that they do not want the committee to carry on as it is. I give that as my frank understanding and impression.

Let us see what has happened. The leader of the opposition said that there were a good many expenditures, that a great deal of money was being spent and that a committee should be appointed. Very well; the government agrees. But what do we find to-day? They want the committee stopped. I say to the Canadian people that that is a good omen of what is happening in the departments if the purpose of the appointment of the committee, as was originally intended, is being made effective; that is to say, if they have to take the stand that expenditures have been fair, that there has been no extravagance or waste, then there is nothing further for the committee to do and their attitude can be understood. If they do not take that attitude, then they must adopt the alternative, which I cannot think they are prepared to adopt—that is, that they do not want to see economy in expenditures made.

I suggest to the opposition that they should close their ranks. Let them consider the suggestion their own leader made. Let them reflect that this is a creation of their own party, which came about just because they suggested it; and instead of one member of the opposition offering one criticism and someone else another criticism, let them close their ranks. Let them be of one mind. There is no place in Canada at the present time in which anyone can serve to greater advantage in the war effort than on this committee, and I hope that the members of the opposition, when they think of what has happened to-day, will see the light to-morrow, will see where their privileges and responsibilities are, and will see fit to continue the committee as it is at the present time.

Mr. SPEAKER: Shall the motion carry?

Mr. POULIOT: On division.

Motion (Mr. Thorson) agreed to on division.

PRAIRIE FARM ASSISTANCE

EXTENSION TO FARMERS WHO MOVE FROM TOWNSHIP AT END OF CROP SEASON

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 95, to amend the Prairie Farm Assistance Act, 1939.

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

On section 1—Computation of sum awarded as assistance.

Mr. GARDINER: Subsection 2 reads:

In an emergency year the minister may, subject as in this act provided, award to each farmer resident at November first of such year. . . .

That would mean that if he came four or five days before, he would be resident on that day. I wish to move an amendment that subsection 2 of section 1 be amended by substituting the words "resident from May first to November first of such year" for the words "resident at November first of such year".

Mr. MACKENZIE (Vancouver Centre): I move accordingly.

Mr. COLDWELL: Will the minister explain a point which has arisen in two or three cases? I have knowledge of one in particular. Someone was farming and left the farm on October 19. In this case it was a woman, and she was married on that date and apparently was cut off from the bonus because it was held that she did not qualify legally. Under this, what would be the interpretation? Would the farmer have to remain from May 1 to November 1?

Mr. GARDINER: Yes; that would be the interpretation. As the act now stands, the farmer is required to be there on May 1 to qualify. This means that he will have to remain until November 1, all through the summer season, in order to qualify. As the regulations stand now, no date is set, and even if he were not there in January and his payment had not been made he would not be entitled to payment, according to the interpretation given by the Department of Justice recently. This fixes a date.

Mr. COLDWELL: Suppose a man left in the middle of October when his year's work was done. He would not be eligible?

Mr. GARDINER: No. He would not be eligible, but knowing that if he remained until November 1 he would be eligible he would, I should think, remain.

Mr. DIEFENBAKER: There is one matter which I think should be brought to the attention of the committee. This section as now amended will amount to a discrimination against any farmer who enlists for service in the present war at any time between May 1 and November 1. An exception should be made in that regard. During the past year several men whom I know completed their seeding operations and stayed on the farm during the summer. They did their threshing and enlisted, and they were denied the right to participate under this act, although they had contributed—as do all farmers—one per cent of the value of their several crops during the year.

Let me mention two examples. I have in my hand a letter dated May 6, 1941, from the prairie farm assistance branch at Regina regarding such a case. It is addressed to myself, and I am advised that a certain person has had his second payment of bonus denied him—"cancelled" is the word used—for the reason that he had discontinued farming, having joined his majesty's forces, and that the farm was not going to be operated in 1941 by any of his dependents.

The other case I have in mind is that of a young man of my constituency who enlisted in July, 1940, and, after service overseas, returned to Canada. He had his farming operations carried on, his harvesting and so forth after he enlisted and departed for overseas, but he has been denied this bonus. The reason given by the department is that since this young man enlisted in June, 1940 —which is an error—and was therefore absent

during the greater part of the 1940 crop season, he was ineligible for payment. I do not think any hon. member wishes to discriminate against those who, while engaged in farming, decide to enlist in the service of their country, and I suggest that an amendment to this section and to the next section should be made so as not to apply to those who enlist in the armed forces of the country.

Mr. COLDWELL: I know of several cases similar to those mentioned by the hon. member for Lake Centre, which I was going to bring to the attention of the house, and therefore I am glad to support the suggestion advanced by the hon. member.

Mr. GARDINER: I think it is scarcely proper to suggest that there has been or may be discrimination against those who have enlisted. If we were to adopt the suggestion of the hon. member for Lake Centre we would be discriminating in favour of the soldier, although I do not say we should not do so. The interpretation of the Department of Justice as to these provisions of the act, when cases of the kind mentioned were submitted to them, was to the effect that the act was intended to provide assistance to farmers in order to help them during the winter following a poor crop. That was said to be the principle underlying the act,—to make it possible for farmers to live on their farms until another crop had been put in; and I think in all fairness it should be said that this assistance was to be given for that purpose. But the Department of Justice say that since this is the principle of the act, any person who leaves the farm is not entitled to these payments under the act as it now exists, and they could not find any way of discriminating in favour of men who enlisted. We are now proceeding on the assumption that the man who has farmed all year, who has threshed and sold his crop, probably will be on his farm at least until along well into October. After that, he just requires to remain on the farm until November 1 in order to qualify under this section.

I do not wish to do anything by way of legislation that would prevent any man from enlisting even for a month or fifteen days, but it is difficult to make any further provision than is contained in this bill. I do not think it would be any great hardship to those who are seeking to promote enlistments to say to these men, "You had better wait for another two weeks after you have marketed your crop before you enlist." In any event I am told by those administering the act that their work would be made very difficult if we attempted to discriminate at all as between different groups. We do discriminate in behalf of the soldier to this extent. We say that if he leaves any member of his family in charge of the farm, whether it be his brother, his father, his wife, or any immediate member of the family, we pay the bonus. Therefore there are several ways in which anyone anxious to enlist can obtain these payments, and I would rather hesitate to suggest that we should go further than we have gone, although I should like to see anyone enlist whenever he wished to do so. Probably by leaving the land under the direction of some member of the family they will be able to overcome this difficulty. There may be a few cases where people will not have relatives in the vicinity who can take over the direction of their farms. Perhaps those concerned will try to carry on their operations during the summer and enlist in the fall, which will permit them to receive their payments. Under this provision, if a man is on the farm as of November 1, he is entitled not only to the first but to the second payment as well.

Mr. PERLEY: I am glad that the hon. member for Lake Centre has brought up this question, and I was glad to hear the minister's reply. I have one or two of these cases which I was going to mention, but what has been said deals very well with the points I was going to raise. I have the case of one soldier who is having the work done on his farm by hired labour. He has no relatives in the vicinity; I think he went through the last war, and he has had to take back this land from the tenant who had it last year. What would happen in that case?

Mr. GARDINER: If he was back on the farm before May 1 he is entitled to the payment.

Mr. PERLEY: He is in the army now and cannot be back, but he is having the work done by a hired man.

Mr. GARDINER: Is it being done by a relative?

Mr. PERLEY: No; the man doing the work is married and living on the farm, but the owner is supplying all the machinery and paying all expenses. How about that case?

Mr. GARDINER: We probably would have to deal with a case of that kind under the new regulations defining a farmer or a person resident on the land. This man would not be a resident farmer under the present regulations, but it is possible the case could be handled by regulation.

Mr. PERLEY: I have the letter here. It is not worth while reading it, but that is the situation as briefly as I can state it.

Mr. GARDINER: There are so many different types of cases that I am sure they could

not all be covered by legislation. The whole administration of the act is along the line of doing everything possible within the terms of the act for men who are enlisting, but unless these men try to bring themselves within the terms of the act, the matter becomes rather difficult.

Mr. FAIR: I am glad that this amendment is being brought in at this time. I have had occasion to discuss certain cases with the minister and the officials of his department. I intended to mention those cases at this time, but I find that unnecessary in view of this amendment. In view, however, of the injustices which have been caused in the past, and in order that they might be corrected, I would suggest that the amendment be made retroactive, and I would ask the minister to give that suggestion his consideration.

Amendment agreed to.

Section as amended agreed to.

On section 2—Sum to be awarded in a crop failure area.

Mr. GARDINER: The same amendment is being moved to this section.

Mr. MACKENZIE (Vancouver Centre): I move accordingly.

Mr. PERLEY: Is there any increase in the amount payable in a crop failure area? I see the figure $2.50 mentioned here.

Mr. GARDINER: No; there is no change; it is just the same.

Amendment agreed to.

Section as amended agreed to.

Section 3 agreed to.

On section 4—Blocks ineligible for award.

Mr. PERLEY: Will the minister explain this section?

Mr. COLDWELL: I am very glad to see this amendment, because we all know that a great deal of difficulty was experienced in obtaining the necessary resolutions substituting one piece of land for another. Municipal councils naturally do not like to take something out of the bonus area as well as they like to put something in it. I am glad that the minister has extended the provision so that under some circumstances a quarter of a township may be included, but I had rather hoped that when the amendment was brought down, a quarter of a township might have been the unit instead of depending upon the inclusion of other adjacent land within the area. I believe the closer we can get to the individual basis, the better it will be. During the last several years, as the minister no doubt knows, practically all hon. members from the west have had brought to their attention cases of injustice or misfortune which could not be covered under the act, on account of the provisions of the act itself. When farmers are contributing to a fund which, many of them hope, will ultimately become a crop insurance fund, they are of the opinion with, I suggest, some reason, that when they make a contribution they should receive some benefit, if they are in a situation requiring aid.

Although this is a step in the right direction, I had hoped that the unit would have been made smaller this year, and that we might have got a little nearer to the individual basis. I know it is of no use now to suggest an amendment along those lines to the committee, but while I welcome the change in the act, one which I believe makes it fairer and better, still I hope that after another year's experience we may be able to get down to a unit smaller than the one provided under the present act.

Mr. PERLEY: I am more or less in agreement with this section. The minister knows a good deal about the difficulty there was last year in the area from which I come, and also in certain townships in his constituency. There was difficulty particularly in the townships, the south half of which were in the Qu'Appelle valley. I might say that it affected us particularly on the south side, owing to the good land which happened to be across the valley on the north side, in the minister's constituency. In that section last year they had a very good yield of from twenty to thirty bushels to the acre. That was the common yield immediately north of our district. Then, in the greater part of the valley, on the sandy land, they did not have a crop. As a matter of fact, they were below six or seven bushels to the acre, as the minister knows. I believe it is a fine thing that there is provision whereby these areas may be taken in so that they will be included in the bonus, if the yield is at a certain point. Therefore, with that part of the bill I am in accord.

There is one other matter I would bring to the attention of the minister. I would have been pleased to see an amendment to section 8 in the act, which would have eliminated the limit of 3,000 bushels. There were cases last year in two municipalities in my constituency where men had over 3,000 bushels, but they did not have any more than four or five bushels to the acre. Therefore I say that they were discriminated against. I suggest that if that section of the act were amended, so as to eliminate the provision for 3,000

bushels, it would be an improvement. There are many instances where that section serves to discriminate against producers. It so happened that some of these men had large areas, and had over 3,000 bushels. But it worked just the same where the yield was much less than 3,000 bushels. Has the minister given consideration to amending the act in the manner I have indicated?

Mr. GARDINER: We gave consideration to the points raised by the hon. member, but the provision in the act was inserted just last year. It provides that any person with 3,000 bushels and an average crop in excess of eight bushels is eliminated. Anyone with an average of eight bushels or under is taken in, though he has 3,000 bushels. Therefore there is provision for certain people who have low yield crops aggregating 3,000 bushels. That provision has been in only for one year. It is true that there were some hardships. Most of the complaints with which I had to do were cases which individuals could have corrected the situation had they seen fit to do so at the beginning. That is, these were family divisions which they claimed later on, and in connection with which no notification had been given in the early part of the season. Those cases could be rectified in some instances, but not in all. We thought it better to try out this provision for another year. The change now suggested will rectify most of the difficulty.

Mr. PERLEY: There is one further matter. I was wondering whether this year, in connection with inspection, the minister could work out a system whereby the same inspectors would do the work this year as did it last year. Last year we had a different inspector in our district from the one we had the year before, and he went over the territory in a different manner. I suggest that if a man is working in one territory year after year he would know the situation, and would become familiar with the farmers and their farms. The result would be that he would do his work more quickly and efficiently than a new man could do it.

Mr. GARDINER: I would suggest that if hon. members have any objections, they might make them when we are discussing the estimates. Some of the points raised by the hon. member for Qu'Appelle might be more properly discussed under the estimates which I intend to call, immediately after this bill is passed. One item in my estimates has to do with prairie farm assistance expenditures. Matters such as inspection, methods of inspection, and everything of that kind might more properly be discussed under the estimates.

Mr. PERLEY: That is satisfactory.

Mr. FAIR: I was disappointed with section 7 in the act, as amended in 1940, on account of the strings attached to it. I do not know of one case where people benefited from the amendment made in 1940. I am also disappointed with the section 7 as suggested in this bill, because it also has strings attached to it. As soon as possible I should like either to have the strings removed, or to have the matter brought down to an individual basis.

I am also in agreement with the hon. member for Qu'Appelle when he suggests the removal of the 3,000 bushel limit. It is not many weeks since I made the same suggestion to the minister. I am firmly convinced that he, too, believes it should be removed. Apparently, however, as in other cases, some of his colleagues do not think as he does. I hope his colleagues may possibly give some greater attention to a fair deal, and have this limitation removed before the summer passes. It has been there for one year, and in my opinion that is one year too long. I should hope to see it removed before another session comes round.

Mr. WRIGHT: I should like to add my observations to those which have already been made in favour of the amendments. I believe they are all to the good. In the part of the province from which I come we did not come under this act until last year when, owing to frost in that section of the province, certain areas came within the scope of the act I was in hopes that the minister would bring in an amendment whereby in areas where grain was frozen and the price was very low, the number of bushels to the acre would be raised, to permit the farmers to come under the act. Instead of four, eight and twelve, I suggest that in respect of frozen grain, which has only about half the value of No. 1 wheat, this might be raised to eight, twelve and sixteen bushels. Has the minister given consideration to that point?

Mr. GARDINER: I have, but the difficulty with legislation of this kind is, as hon. members are aware, that it is new legislation. I do not know of any other place where similar legislation is in effect. We had no experience to start with; we had to build up something entirely new. Our fear at the beginning was that every condition put into the legislation would increase the cost of administration, and we thought it would be quite easy to get the administrative costs so high that the legislation would be objectionable to government authorities generally. We have been trying to avoid that. To put in a condition to provide payment on other than a crop yield basis, on

the basis of wheat grades—if wheat were frozen and reduced to No. 4, a man would require to have more bushels—there would be so much in the way of added inspection costs that in due course that kind of thing would kill the legislation.

That was what was in our minds when we hesitated to do what was suggested by the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Melfort (Mr. Wright). They suggested that we use the quarter township right through. As you decrease the area taken as the unit, you increase the cost as well as the number of complaints. Most of our complaints are in connection with border-line cases. If you divide your township into four quarters, you have about 50 per cent more boundary line. The boundary lines are drawn down to such small proportions that you will have more farmers with land on both sides of the line. You will then run into trouble all the way round. It will also require extra inspection and extra checking and correspondence. All this would increase the cost of administration to a level where there would be criticism as to the cost.

One of the reasons why I feel that probably we made a mistake in inserting the 3,000 bushel provision last year is the fact that it has increased our inspection and administration costs. They will be almost double this year. If we go on doubling our costs of administration by inserting provisions that look reasonable on their faces, we shall eventually have the cost up so high and the criticism of the legislation will be so great that we shall probably lose it in the end. It is better to try to keep the costs of administration down to a reasonable point.

I went through the experience in 1914 and 1915 of establishing hail insurance legislation in western Canada. Hon. members who were in the west at that time will recall that there was far more criticism of that legislation than there is of this. But to-day one never hears any criticism. As people learn the regulations, as they learn what the legislation provides for, they fit their circumstances accordingly and cease to criticize. We are having the same experience with this legislation.

Mr. NICHOLSON: Could the minister tell us if consideration is being given to the resolutions which have been sent in asking that this scheme be put on an individual basis? Could he tell the committee the amount of money that has been paid under the one per cent, and the amount spent by the government in administering the scheme.

Mr. GARDINER: I have all that information ready to give on the estimates.

Mr. NICHOLSON: Were any payments made last year under section 7?

Mr. GARDINER: I shall have that too.

Mr. MacKENZIE (Neepawa): It seems to me that if we have a measure with no strings attached, we shall have a peculiar state of affairs. This amendment reduces the area, but the hon. member for Rosetown-Biggar (Mr. Coldwell) has said that he would like to see this put on an individual basis. If you do that, you certainly will be placing a premium on poor farming.

Section agreed to.

Bill reported, read the third time and passed.

SUPPLY

DEPARTMENT OF AGRICULTURE

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

30. Special. Prairie Farm Assistance Act, $500,000.

Mr. PERLEY: Could the minister explain the increase in this item, and perhaps make a short statement?

Hon. J. G. GARDINER (Minister of Agriculture): I gave the reason a few moments ago when we were considering the bill. On acount of the changes made last year in the legislation, increased inspection has been necessary.

Mr. PERLEY: I think the minister should try to reduce his staff of inspectors. I mentioned this a few minutes ago when we were considering the bill. To change the staff from one district to another does not facilitate the proper carrying on of this work. The municipalities could be used to a greater extent in making these field inspections; the secretaries and clerks could do much of this work. These field men and supervisors have been on the job quite a while, and there could be a considerable saving in this regard.

Mr. GARDINER: Perhaps it would be just as well if I were to place on the record the particulars of the staff of last year. The details are:

	Salaries	Expenses
1 superintendent	$ 4,000	$ 876 08
1 assistant superintendent	2,700	945 83
8 supervisors at $1,800....	14,400	11,088 83
9 assistant supervisors at $1,620	14,580	12,359 23
79 stenographers and clerks at $2.50 a day.....	40,062	.....

It will be noted by these figures that the stenographers and clerks do not work the

whole year round. As a matter of fact, we have only thirty permanent stenographers and clerks. During the season, while reports are coming in, we call in an extra number of girls, mostly from round the city of Regina where the office is located, and they work anywhere from two to three weeks up to two to three months in the summer. The largest number at any one time was fifty-three, and the total number of permanent stenographers and clerks is thirty. Permanent in this case means just what it says. They are working the whole year round, while the others are not.

We have 281 inspectors at $5 a day, and the total amount which was paid to them in salaries was $103,920, and $113,245.02 in expenses. The largest number employed at any one time was 250 in October. If we take that number of inspectors at $5 a day, it will be found that the average time they were employed was about seventy-four days, or a little over two months. Therefore when it is said that there are 281 inspectors, it does not mean they are working all the year. The permanent staff consists of one superintendent and one assistant, eight supervisors and nine assistants, thirty stenographers and clerks. The others are all part-time employees who are put on during the rush season in the summer.

Mr. DIEFENBAKER: I should like to add my support to the submission of the hon. member for Qu'Appelle respecting a reduction in the present staff. I realize that there would be an increase in the administrative staff for the reason given by the minister, but I do not think that explanation is tenable so far as the inspectors are concerned. At a time like the present, when there should be conservation of our resources, the minister ought to make a special effort to reduce these expenses by placing more and more power in the control of the secretaries of the rural municipalities, who have the necessary data before them when the farmer comes to the municipality to secure his permit.

In connection with the inspectors I notice that one inspector, N. W. Berglund, of Melville, received a salary of $645, which means that he worked 109 days, and his expenses were $1,257.87, or an average of $11.50 a day. That seems to be an excessive amount of expenses.

I should like to deal for a moment with the regulations in effect under the provisions of the act. The act makes provision for every farmer contributing one per cent of the amount that he receives. I feel that the regulations should not be so drawn as to limit the purview of the application of the act. I am going to refer to three regulations that were passed which limit the meaning of the word "farmer" as defined in the act. "Farmer" is defined in the act as "a person engaged in farming in the spring wheat area". But in the regulations the connotation of the term has been greatly modified. Section 8 of the regulations provides:

> No person shall be considered to be a farmer under the act unless (1) he is owner or tenant of a farm from May 1 to November 1 in any year. . . .

All of us know that there are written leases as well as verbal leases, but under the administration of this act farmers all over western Canada have been denied their bonus on account of the fact that their leases in writing were dated after May 1, in spite of the fact that they had a verbal lease prior to that date.

Next is subsection 2 of section 8 of the regulations which provides that no one can receive a bonus, even though he is a farmer, unless he lives on the farm and his primary occupation is farming, or he lives not more than twenty miles away from the farm and has no other occupation than farming. I know of instances—I have the particulars with me—of farmers who are engaged in other occupations who have received the bonus, and yet in other cases the regulations have been applied to prevent persons in a similar category from receiving the bonus.

Subsection 5 of section 8 provides that a person residing with a parent or a brother of the full age of twenty years and operating a farm as a separate unit, and the farm consisting of at least a quarter-section of land, shall be denied the bonus. There is no reason at all why a young man under twenty years of age who is farming his land should be denied the bonus, but he is to-day. The regulations as they are presently constituted abrogate the definition of "farmer" as it appears in the statute. Changes should be made in those regulations because they are most unfair and most discriminatory against bona fide farmers who under the act are entitled to the bonus, but under the regulations are not.

I would suggest that the recommendations made by the legislature of Saskatchewan should be brought into effect, and immediately, in order to do away with anomalies and inconsistencies in the administration of the act. The recommendations made by the legislature of Saskatchewan are as follows, and in those recommendations I concur:

> (a) That the bonus be paid on the individual farm unit or, as an alternative, that provision be made whereby a township can be divided into two or more parts for the purpose of paying the bonus awards.

The objections to this regulation have to some extent been met as a result of the amendment introduced to-day. Then paragraph (b):

(b) That subsection (b) of section 8 of the act be deleted.

(c) That sections 3 and 4 in the act be made obligatory instead of permissive.

(d) Repeal of the regulations under which dispossessed farmers are unable to receive bonus payment until they have signed a lease for the following year, such provision to include those who have enlisted in the armed forces and to be made retroactive to cover the 1940 crop.

I have already dealt with that phase of the matter, what I have called the discrimination against those who to-day are enlisting in the service of their country, which places them in a position where, unless they stay on their farms from the 1st of May to the 1st of November, they are denied participation in the fund.

(e) Repeal of regulation prohibiting bonus payment to farmers who were in occupation of their farms previous to May 1, but who were unable to secure written lease until after May 1, this to apply to the 1940 crop.

(f) Granting request of rural municipal council for reinspection to determine eligibility of bonus, this to be made retroactive for the 1940 crop.

(g) That adequate representation be given to the producers on any board or commission appointed for the purpose of administration of this act.

I should like to have a statement from the minister as to whether the resolution passed by the legislature of Saskatchewan has been brought to his attention and what decision has been made by the government with respect to the implementation thereof.

I have referred to the regulations and their unfairness in interfering with the act and its application. That is not my opinion alone; it was the opinion of members of the legislature belonging to the Liberal party in Saskatchewan, who themselves introduced the resolution in the house and asked that these inconsistencies to which I have referred should be removed.

Mr. Danielson, the member for Arm River, said this:

The regulations were unreasonable, and they were . . . drafted by men who had not the least idea of what a western farm is like.

The newspaper report of his speech then is as follows:—

He stated further that the intent and purpose of the parliament of Canada when it passed the act were being thwarted by a bureaucratic and plutocratic civil service. He asserted that his remarks were not to be interpreted as a reflection upon the man in charge for he was doing his level best to carry on a difficult task, made difficult by unreasonable regulations drawn up by men who did not know what they were doing.

Would the minister explain to the committee what the intention of the government is in so for as the alteration of these regulations is concerned, so that the inconsistencies in administration may be done away with?

A great deal of good has been done under this legislation. I realize the difficulties of the minister, starting in a new field, but I think that now, after the experience of two years or more, the time is come when these regulations should be altered.

Mr. GARDINER: Just following the last remarks, I have here the regulations, and each one of these blue tabs represents an amendment. In the last two years we have revised them nine different times, so that I can assure the hon. member that they are being revised from time to time as we have experience with them.

I read the recommendations of the Saskatchewan legislature shortly after they were passed, as they were sent to me. I do not happen to have them on my desk at the moment, and I do not know that I can remember them all. But, as was suggested, the first one refers to the question which was brought up by hon. members when the bill was in the house, namely, whether we should inspect all individual cases. I wish only to say with regard to that what I said when the bill was brought into the house in the first instance, and what our experience since has justified me in saying. I do not think this legislation would stay on the statute books for three years if we attempted to investigate all the individual cases. Those who recommend that have no idea at all of the principles of this act or how it was intended to operate. Their impression is that this measure was introduced for the purpose of giving assistance to wheat growers. The bill was not brought in for that purpose at all. Its object was to help those who were living in the drought areas, no matter what they were producing, so as to assist them through the difficult drought period. In many of those districts farmers should be encouraged to decrease wheat acreage, or to get partly out of wheat growing and partly into something else. In other areas that would not be the proper thing to encourage them to do; they are probably growing wheat to as good advantage as they could produce anything else. But if we were to place the act on an individual basis instead of the basis it is now on, we would have to inspect every individual case, and not only that, but we would have to take an inventory of everything the farmer produced on his farm during the year. To try to operate legislation of this kind on that basis, would simply make it altogether inoperative.

Wheat is used in connection with this legislation only as a measuring stick. We take a township of land, six miles square, and we say that if the yield of wheat in that area is under twelve bushels to the acre, they have had bad weather, and the bad weather is responsible for the low yield. We use wheat to determine the farming conditions in that area, and the man who grows no wheat at all in that area will have just as poor a crop of grass, or coarse grain, or something else, or will have just as difficult a time pasturing his cattle, as the man has who is growing the twelve bushels or less of wheat. We simply go over the area and say, because the average yield of wheat in that area is less than twelve bushels to the acre the farmer requires some assistance, and then we provide the assistance. The intention of this act to begin with was that we would pay assistance to every individual in that area.

My hon. friend over here, who does not farm in the west but in the east, struck the nail right on the head when he said that if you start to deal with individual cases on the basis of wheat acreage and wheat yield, you will put all of the good farmers out from under this act almost any year. The good farmers in those districts, particularly, let us say, in the central part of Saskatchewan, the northern part of Manitoba, and through the central and northern part of Alberta, are carrying on mixed farming, and they grow whatever wheat they do grow only in order to get a more or less sure cash crop, and they grow it on a comparatively small acreage, the best acreage they have—that is, best in preparation for that particular year's production. Such a man may grow twenty bushels to the acre of wheat, or he may grow even thirty bushels on a small acreage, and the remainder of his crop, which is a coarse grain crop put in on spring ploughing and his grass may all be poor because of poor moisture conditions during the latter part of June and July. He is more completely up against it, because he has live stock for which he has no feed, than even the wheat grower alongside him who grew nothing but wheat and got ten bushels to the acre in that particular year.

I say again that wheat is used only as a measuring stick, and to carry out this legislation under individual inspections would be absolutely impossible. The costs of carrying it out in that way would be so great that in three or four years' time this house would not maintain this legislation on the statute books.

The alternative proposal is the one we adopted this evening in the legislation. The legislature said, "Do one thing or the other." We have undertaken to do the other, but we have not gone as far as the legislature suggested. They suggested that we reduce the units to the quarter township. When you go into a solid block of forty municipalities and the inspector drives over that and finds that it is all under twelve bushels, there is no necessity of going down farther than the complete area, although for convenience we divide the area into townships for administration. Sometimes there is an area round the rim, where there are better crop areas, and that is where all the inspection and checking have to be done. When we make that inspection and checking on the border-line, we take in or throw out quarter townships under the new legislation. We not only take in quarters out of the corner of the township, but we provide that a quarter township or more, so long as it is rectangular, shall come in as a separate township if it is under ten bushels to the acre. We have taken the alternative suggested by the legislature, and applied it as far as we can.

The second proposal is that paragraph (b) of section 8 of the act be deleted. That has to do with the 3,000 bushels, and we have decided not to delete it. The next is that sections 3 and 4 of the act be made obligatory instead of permissive. To all intents and purposes they are obligatory. The question that arises there is the same one that was under discussion between the leader of the opposition and myself early in the session in connection with another bill—that is, as to whether "may" means "shall" in certain cases. When this legislation was before the house at an earlier date, the same matter was under discussion. The then leader of the opposition Mr. Bennett, on the first occasion when it was discussed, took the position which I took earlier this session. When I took that position earlier in this session, the leader of the opposition checked it and sent me the book to indicate that Mr. Bennett had been right because, after all, I was quoting Mr. Bennett when I made the statement that in these cases "may" does mean "shall," and that these sections are obligatory. In other words, if all the conditions of the legislation are met in the area, then payment is made, and there is no way by which the minister can get out of making it.

Further, it is recommended that the regulations be repealed under which dispossessed farmers are unable to receive bonus payment. There is nothing in the regulations about it. A dispossessed farmer was refused payment, apparently, if he was put off the farm through foreclosure proceedings before he had received

payment. Under the amendments brought in to-night he would lose payment only if he were put off the farm before November 1, and hon. members will agree that it is not very often that farmers are removed from the land in the summer months when they are going on with their farming operations. The courts usually take care of that. The farmer will get by the first of November and receive payment if he is on the land from May 1 to November 1.

The next has reference to repeal of the regulations prohibiting bonus payment to farmers who were not in occupation of their farms prior to May 1. Of course, the difficulty which was discussed a few moments ago before this was read is involved in that suggestion. The provision now is, and has been since the act was first put on the statute books, that a man must be in control of the land by the 1st of May. The first year we allowed that to go even by word of mouth so long as they could establish it. The second year we stated that there must be a written contract. We had run into some difficulties because contracts were not signed until after the 1st of May, but in actual practice we have ruled that if a man can establish that he was living on the place on the 1st of May we make payment. It is true they were denied payment in the first instance, when they made their claims, if the contract read at a date later than May 1, but those who have come back and can prove that they were actually operating the land before the 1st of May, or on the 1st of May, have been allowed payment; and if any others have not been paid and are in the same position, they can prove their right to payment.

Mr. DIEFENBAKER: Suppose a farmer had a verbal lease whereby he was to have possession from the 1st of May, but his lease in writing was dated the 3rd of May and he did not go into possession until the 3rd of May? Would he be entitled to the bonus?

Mr. GARDINER: He would not; but I suggest that if such a person, when legislation of this kind has been on the statute books for two years, and after all the discussion to which it has been subject, finds himself in such a position, the legislation cannot look after him. It will not take care of individuals who will not come in two or three days earlier in order to get claims which they later intend to make.

Mr. PERLEY: Will the minister come back to the statement—

Mr. GARDINER: The Minister of Finance would like to bring in an item if we can suspend this discussion for a moment.

Mr. NICHOLSON: Eleven o'clock.

Progress reported.

SUPPLEMENTARY ESTIMATES, 1941-42

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1942 was presented by Hon. J. L. Ilsley (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

Hon. J. L. ILSLEY (Minister of Finance): In tabling these estimates, I should perhaps say a word or two in explanation of the item relating to the proposal to the provinces to vacate the personal income and corporation tax fields for the duration of the war, in order that there may be no misunderstanding about what is intended. It is estimated that if all provinces accept the proposal, the annual payments to them in accordance with the formula which I described in the budget speech will amount to approximately $80,000,000. It was never anticipated that the payments to be made by the dominion in the current fiscal year would be as much as this because of the lag or interval which will occur before existing provincial tax revenues stop coming in. Our original thought was that the dominion's payments to the provinces might begin towards the end of the present calendar year, but after discussing the matter with the representatives of a number of the provinces who have been in Ottawa, we reached the conclusion that a more accurate and uniform procedure would be necessary. Accordingly the intention is to date the arrangements with the provinces from the beginning of their present fiscal years. The dominion will deduct from the amounts which would otherwise be paid to them the taxes which the provinces and their municipalities collect after the beginning of the provinces' present fiscal years which apply to incomes of the year 1940 or prior years, or which are based upon the taxpayers' operations or status in the year 1940 or prior years. Without a provision of this sort the provinces would receive in their 1941-42 fiscal year payments from the dominion equivalent to their previous year's tax collections, and in addition they would collect a substantial amount of taxes which they themselves levied on incomes of 1940 and prior years.

The amount which will be withheld by the dominion under the proposed procedure will be paid over to the provinces in the year following the termination of the agreement and will provide funds for provincial requirements during the interval which will occur before new provincial tax revenues begin to come in.

I am planning to answer the questions put to me at the beginning of last week by the leader of the opposition (Mr. Hanson) when this item in the estimates is being considered in committee, but I thought this brief explanation was desirable at this stage in order to prevent any possible misunderstanding or misconception of what is proposed.

It being three minutes past eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Wednesday, June 11, 1941.

The house met at eleven o'clock.

NEW MEMBER

Mr. SPEAKER: I have the honour to inform the house that the Clerk of the House has received from the Chief Electoral Officer certificate of the election and return of the following member, viz:

Of Mrs. Cora T. Casselman, for the electoral district of Edmonton East.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ARTICLES BY LAWRENCE JACK, OF SUN LIFE, IN TORONTO "SATURDAY NIGHT"

Mr. CHURCH:

1. Is Mr. Lawrence Jack, referred to on page 3352 of *Hansard*, Monday, June 2, the same Lawrence Jack who has been writing a series of articles, published in *Saturday Night*?

2. Have the said articles the sanction of the superintendent of insurance, under the rules, regulations, and statutes regulating life assurance companies?

Mr. ILSLEY:

1. No information beyond the statement on page 34 of the issue of the said publication for April 26 last that the contributor of the articles in question is a statistical expert in the investment department of the company.

2. The consideration of such articles for the purpose of sanction, approval or disapproval thereof is not one of the duties placed upon the superintendent of insurance by the statute.

[Mr. Ilsley.]

THORBURN, N.S., RURAL MAIL SERVICE

Mr. BLACK (Cumberland):

1. Have tenders been recently called by the Post Office Department for the carrying of mails on rural route No. 1, Thorburn, Pictou county, Nova Scotia?

2. If so, when, what were the names of those who tendered and the amount of their respective tenders?

3. Has contract been let?

4. If so, to whom, for what amount and of what term is the contract?

5. If not, what are the reasons for delay?

6. Was the contract awarded to the lowest tenderer? If not, why?

7. Were tenders previously called for this contract?

8. If so, what are the names of those who tendered and the amount of each tender?

Mr. MULOCK:

1. Yes.

2, 3, 4, 5 and 6. Tenders were due at the Post Office Department, Ottawa, on the 21st March, 1941. The awarding of contract was delayed by investigations into competency of tenderers. While action has been taken to award contract to lowest competent tenderer, it is not considered to be in the public interest to furnish information concerning the tenders submitted until such time as the contract has been executed.

7. Yes—in January 1937.

8. R. A. McDougall, $594.60; Chas. A. MacLean, $800; Collingwood Grant Ross, $840.

The tender of R. A. McDougall was set aside for cause, and contract was awarded to Chas. A. McLean at $725 per annum.

POST OFFICE—COST OF CARRYING NEWSPAPER MAIL

Mr. CHURCH:

At what loss, from the commercial aspect, does the Post Office Department carry second class and other mail of the newspapers of Canada, per annum?

Mr. MULOCK: The estimated loss to the Post Office Department in the carriage of newspapers is $4,595,300 per annum.

The department has no information respecting a possible loss in the carriage of other classes of publishers' mail, as it is not practicable to keep a record of the revenue derived from such mail and the cost of handling same.

THE MINISTRY

CHANGE IN THE DEPARTMENT OF NATIONAL WAR SERVICES—TRANSFERS AFFECTING BROADCASTING, FILM AND TOURIST ACTIVITIES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I intimated some few days ago that before parliament

adjourned I would have an announcement to make with respect to one or more changes in, or additions to, the ministry. I wish to state that the Hon. Mr. Gardiner has resigned as Minister of National War Services, in order that he may give his time exclusively to the work of the Department of Agriculture, of which for some years past he has also been the head.

This morning His Excellency the Governor General has approved of the appointment of Mr. Joseph T. Thorson as a member of His Majesty's Privy Council for Canada and as Minister of National War Services. Mr. Thorson will be sworn into office some time this morning. I need not remind the house that not in point of years but in time of service, the hon. member for Selkirk is one of the oldest members of the House of Commons, having been returned to parliament first in 1926, and again at the elections of 1935 and 1940. Hon. members, I believe, are also aware that in the last war Mr. Thorson served with the British expeditionary force overseas. He was in France for some time, and distinguished himself in service in that country.

The Department of National War Services Act, 1940, provides that the minister may, with the consent of the Governor in Council, coordinate the existing public information services of the government, and originate or employ other means in order that the same may be used in the most efficient way for the obtaining of the utmost aid from the people of Canada in the national emergency which has arisen.

An order in council has been passed under the act I have just mentioned, setting forth that it is expedient to provide for more effective coordination of radio broadcasting, film activities, and the promotion of tourist business in Canada, with other public information services of the government. Therefore, with the concurrence of the Minister of Munitions and Supply (Mr. Howe), the Minister of Trade and Commerce (Mr. MacKinnon), and the Minister of Transport (Mr. Cardin), provision has been made under this act, and under the War Measures Act, for the transfer of some of these several activities to the Department of National War Services.

The powers, duties and functions conferred under the Canadian Broadcasting Act, 1936, with respect to broadcasting, and recently transferred to the Minister of Munitions and Supply, have been now transferred to the Minister of National War Services.

The powers, duties and functions of the Minister of Trade and Commerce, with respect to film activities, under the National Film Act, 1939, have been transferred to the Minister of National War Services.

The powers, duties and functions of the Minister of Transport, with respect to the promotion of tourist business in Canada, have been transferred to the Minister of National War Services.

The control and supervision of that branch of the Department of Transport known as the Canadian travel bureau have been transferred to the Department of National War Services.

Reorganization of the work of the Department of National War Services in the directions indicated will be entered upon actively and immediately as soon as parliament has adjourned.

CANADIAN ARMY

REQUEST FOR STATEMENT RESPECTING RECRUITING AND PRODUCTION OF EQUIPMENT

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I preface my question to the ministry by expressing a word of congratulation to the hon. member for Selkirk (Mr. Thorson) on behalf of this group. We wish him every success in the office to which he has been elevated.

My question is this: In view of the general war situation and disturbing stories of prevailing dissatisfaction in the forces and across the country with the progress of our war effort, will the government place before the house, before adjournment, a full and complete statement regarding recruiting, by percentages of provincial quotas already filled; also a complete statement regarding the provision of equipment, particularly as to whether we are maintaining schedules, and what the position is regarding aircraft, tanks, anti-aircraft guns, et cetera? If this information cannot be given publicly, then will the government arrange for a closed session of this house so that a complete understanding of the situation can be obtained by the members before we adjourn?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Minister of National Defence (Mr. Ralston) is keeping another engagement this morning, but he will be in the house this afternoon at three o'clock. I would prefer to delay a reply until the minister returns, but I will seek to see that an answer is given early this afternoon.

POLICY WITH RESPECT TO FREE RAILWAY TRANSPORTATION AND SYSTEM OF INSURANCE

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to ask the Prime Minister (Mr. Mackenzie King) if some decision will be arrived at before the session closes with regard

to soldiers' fares and soldiers' insurance as a matter of national policy. These are two most important matters. The other day the Prime Minister said that there would be an opportune time to take them up. Surely we do not need all eternity to get an answer.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): The committee which was set up to study pensions and war veterans' allowances is still sitting. I cannot forecast its report, but I believe there will be some reference in it to soldiers' insurance.

Mr. CHURCH: What about soldiers' fares? That is what the minister said last year about insurance.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): I think the Minister of National Defence (Mr. Ralston), when he returns to the house this afternoon, or at some time before the house adjourns, will be able to make a statement on soldiers' fares.

PROVISION FOR CIVIL EMPLOYMENT REINSTATEMENT OF DISCHARGED OR DEMOBILIZED SOLDIERS

On the orders of the day:

Hon. N. A. McLARTY (Minister of Labour): Mr. Speaker, it is felt desirable that all persons who have left employment to enlist should, in as far as possible, be relieved of worry about their reinstatement on their return. The government accordingly has approved of the principle of legislation to provide for civil employment reinstatement of those who have enlisted in his majesty's forces during the present war. When the house reconvenes the government will submit this legislation for the approval of parliament. It will provide that employers of those who enlist for service in his majesty's forces shall reinstate the employees in employment at the termination of that service in as far as practicable, under conditions not less favourable to the employee than those which would have been available to him had he not enlisted.

Conditions will necessarily be contained in the bill which will relieve the employer, under certain circumstances, of his obligation to reemploy as, for example, if the employee fails to apply for such reinstatement within a given period after discharge or demobilization, or having been offered reinstatement by the employer the former employee fails to present himself for employment.

The legislation will be generally modelled on legislation existing in Great Britain as to its terms and conditions but will be subject, of course, to the necessary variation in industrial conditions between the two countries.

The draft bill has been supported by the labour coordination committee, the national labour supply council and the committee on employment of the general advisory committee on demobilization and rehabilitation.

Mr. ANGUS MacINNIS (Vancouver South): May I ask the Minister of Labour whether the principle of the proposed legislation which, he said, will be given effect to when the house again meets, will also be made effective, so far as that may be possible, between the adjournment of and the time the house resumes? There will be, I believe, great need for it.

Mr. McLARTY: I did not get the significance of the question.

Mr. MacINNIS: Will the principle of the legislation which the minister has outlined apply until parliament again meets? Will the government take some steps to apply it in principle in the meantime, so far as that may be possible?

Mr. McLARTY: The matter is one which as yet has not received the entire consideration of council. But I take it that the act, when applicable, will be applicable to all the forces and not merely to those who join after the act is passed.

Mr. MacINNIS: Will it be retroactive?

Mr. McLARTY: I want to speak with this reservation, that it has not received detailed consideration by council, but I think it would be only fair if it were made retroactive, with no discrimination among the various forces.

WHEAT

REPORTED SHIPMENTS FROM BRITISH COLUMBIA TO THE FAR EAST IN JAPANESE BOTTOMS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to say a word with respect to the export of wheat from Canada to Japan, supplementing what was said in discussion a day or two ago and also to correct any possible misconception.

First of all, may I make it quite clear that as long ago as February 13, 1941, an order in council was passed requiring exports of wheat and wheat flour to be subject to permit. From that time on no permits have been granted for any export of wheat or wheat flour to Japan other than with respect to certain shipments which had been purchased prior to the time at which the order in council prohibiting exports without licence was passed.

It was represented to the government that to prohibit shipments that had been provided for prior to the passing of the order in council was proceeding contrary to international usage. The Japanese government felt that an act of the kind, unless it could be justified on the grounds of grave necessity, would be provocative in character and liable to give rise to serious misunderstanding in that country as to the underlying motive. The Japanese position was made the more clear to our government in view of the fact that no such export permit was required in connection with shipments of wheat or flour from the United States, nor were such export permits required by the government of Australia. Both countries were and are continuing to export wheat to Japan.

On considering the representations of the government of Japan and realizing that Canada by her action might be seriously embarrassing relations between Great Britain and Japan, as the Japanese would not distinguish between an act by this government and what they would interpret as a direction or desire on the part of the United Kingdom, we felt it was obviously right to follow customary international usage, and to allow permits to be issued for the export of the shipments that had been arranged for prior to February 13. The question came up later as to how these shipments were to be made, whether in British bottoms or in Japanese bottoms. It was felt that we should conserve all our shipping for our own purposes. The Japanese were given the right to take these shipments, provided they took them to Japan in their own bottoms.

Before permitting the shipments the government took great care to ascertain where they were going. We acted in the matter, not only upon the advice of our own minister in Tokyo but also on the counsel and advice of the British ambassador. Our actions were not only fully known to the government of the United Kingdom, but they were in accord with the wishes of the government of the United Kingdom. I think that presents the matter in the true light. I have only this to add: On April 29, realizing that there might be a possible misunderstanding as to how these export shipments came to be made, I asked all hon. members from the province of British Columbia, irrespective of party, to meet me in my office in this building. I gave to them full information and imparted it to the leader of the opposition (Mr. Hanson) as well—

Mr. HANSON (York-Sunbury): I beg your pardon; you imparted nothing to the leader of the opposition.

Mr. MACKENZIE KING: My hon. friend has not allowed me to complete my sentence. I imparted it to the leader of the opposition through his colleague who sits beside him, whom I asked kindly to see that the leader of the opposition was informed. I spoke subsequently to the leader of the opposition, saying that I had asked his deskmate kindly to pass on the information to him, and he told me that he had it and quite understood it. That is what I meant by saying I had imparted the information to my hon. friend. The only reason I did not ask him to leave the house to come to my office at the time was because he was leading the opposition. The meeting took place while the house was in session, and I felt that if the situation were made perfectly clear to his colleague, there would be no doubt in the world about his being fully informed as to the situation, and I believe he was.

At any rate the entire British Columbia personnel in this house was fully informed on April 29 of the intention or rather of the reasons which had actuated the government in permitting the shipments. Explanations were fully made and I went so far as to read dispatches from the British government and our own government to those who were assembled in order to make the situation perfectly clear. I think these facts should be made known in order that it may be made clear that at the present time the government is in no way reversing the policy which it adopted on February 13 of requiring export permits for shipments of wheat to Japan, but is simply taking in this matter a step which we felt was not only justified as being in accordance with international usage, but one which in the very critical situation that exists at the present time it was in the interests of the United Kingdom and all parts of the British commonwealth for us to take.

Hon. GROTE STIRLING (Yale): May I ask the Prime Minister how near we are to an end of shipments of wheat to Japan to which he has referred, and will the policy of the government be not to issue such permits in the future?

Mr. MACKENZIE KING: I cannot say how near we are to an end of having the orders filled which had been placed prior to the date I have mentioned, but with respect to all future shipments they will have to be considered by the government before any permit is granted.

Mr. E. E. PERLEY (Qu'Appelle): May I make my position clear in this matter? I had no knowledge of and no intimation from the members of British Columbia of the

meeting mentioned. The only knowledge I had of the matter was long distance telephone calls and air mail letters that I received with respect to the deal, and with the knowledge I had of the whole affair I thought I was justified in making my reference to it.

Mr. MACKENZIE KING: I am not criticizing my hon. friend.

Mr. GREEN: I am not quite sure whether I heard the Prime Minister correctly or not, but I thought I heard him say that at this meeting to which the members from British Columbia were invited dispatches were read from the British government in regard to this matter. I was present at that meeting, and I heard no dispatches read from the British government. Certainly some members from British Columbia, myself at least, if the Prime Minister will remember, took the stand that we did not think we should be bound at all by being called in to the meeting and that we were not to be taken as agreeing to the policy of the government, which after having placed an embargo on this wheat and on hemlock logs and on pulp earlier in the year subsequently turned round and changed that policy and let these commodities be exported. The Prime Minister should say in fairness to those who protested at the meeting that such was the situation. I think he will also agree that no dispatches were read from the British government.

Mr. MACKENZIE KING: May I say to my hon. friend with respect to the matter of dispatches from the British government that it all depends upon the manner in which my words are construed. I think I did read a communication from our own minister, or rather Chargé d'Affaires in Tokyo, in which he stated the view of the British ambassador in Tokyo, and the views of the British ambassador in Tokyo are the views of the British government. They are so expressed and so intended. I am quite sure I placed that communication before the members who were present.

With respect to concurring in the policy of the government, may I say that I made it quite plain to the members whom I asked to meet me that the government had already taken the action of agreeing to allow a permit to be given for these particular orders which had been given prior to the passing of the order in council requiring permits. I expressly stated that I had waited until the government had acted in the matter before explaining to the members present the action of the government, in order that they would not be embarrassed. I said the government would take the whole responsibility in the matter.

[Mr. Perley.]

But what I did desire to do and the purpose of the meeting was to place before the members from the province most immediately affected a full statement of the position so that they would understand it and understand the international implications and considerations of which in the present situation it is all-important to take full account.

Mr. GREEN: I take it that it is agreed that the only dispatch read was a dispatch from Mr. McGreer, the Canadian Chargé d'Affaires in Tokyo.

Mr. MACKENZIE KING: That is the dispatch to which I have reference.

Mr. GREEN: Will the Prime Minister tell us the present position with regard to hemlock logs?

Mr. MACKENZIE KING: I may say to my hon. friend that there have been other communications that I did not read. I gave I think the general interpretation. At any rate I should like to make it perfectly plain at the moment that the action which this government has taken in this matter is an action which the government of the United Kingdom itself was anxious to have taken at this time. My hon. friend has mentioned another commodity. In passing the order in council compelling a permit to be obtained before any commodity could be exported our government went the length of making that order in council generally applicable. In other words our government, realizing the situation particularly on the Pacific coast, has, as respects Canada, gone a length in this matter that no other part of the British empire has gone in its trade relations in Japan. There was a shipment relating to the commodity to which my hon. friend has just referred which came in the same category and which was permitted for the same reason.

Mr. GREEN: Are hemlock logs being permitted to go out now?

Mr. MACKENZIE KING: I think I have perhaps said all that it is desirable to say at the moment. May I make this further statement which probably I ought to have made at the outset: that the action of the government, taken in the way it was, and in the complete measure in which it was, was taken in order to prevent the possibility of any unfortunate occurrence arising in British Columbia through any shipment. We wished to avoid all possibility of any provocative incident. It was not taken because the United States was not taking a similar course or because Australia was not taking a similar course or because of any enmity on the

part of this country against Japan. It was taken to prevent the possibility of any disturbance arising in British Columbia in connection with shipments of commodities to Japan which disturbance, if one took place, might create a very serious situation in Japan. I made that plain to the Japanese minister here and to the Japanese government, that our action has not been aimed at Japan as an enemy but that we are anxious to avoid any incident arising in Canada which could be construed in Japan as an act of an offensive character towards that nation, thereby placing Canada in the position of taking an attitude towards Japan at this very critical time different from that which is taken by any other part of the British empire and making Canada responsible for consequences of which might come to be regarded as an unfriendly act.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, I would like to have it understood that I did not raise this question in the house because of any understanding as a result of the conference held with the British Columbia members. No conditions were imposed on me, and I said that there were none. I had received many communications about this matter but I did not raise it in the house until there was a press release from the Prime Minister's office. Then I asked my question, and only then, after I had been bombarded by many requests from the Pacific coast and western Canada.

Mr. MACKENZIE KING: May I supplement what my hon. friend has just said? He went farther than that. He wrote a letter to the Minister of Trade and Commerce (Mr. MacKinnon) before he asked the question and said that he would not ask it if it would prove embarrassing. If I had seen the letter in time myself I would have suggested that no question be asked.

Mr. HANSON (York-Sunbury): My conduct is all right.

Mr. MACKENZIE KING: Yes.

MUNITIONS AND SUPPLY

INQUIRY WITH RESPECT TO PRODUCTION OF CANADIAN TANKS

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): Mr. Speaker, may I address a question to the Minister of Munitions and Supply, based on a press dispatch from Montreal, on May 28 last, to the *Financial Post,* which states:

Work was started last June and the first tank, complete in most major details, rolled off the assembly line May 22. Officials, however, do not anticipate that regular production on assembly line style is to follow immediately.

Will the minister tell the house whether this is an accurate statement and, if so, when regular production on the assembly lines may be expected?

Hon. C. D. HOWE (Minister of Munitions and Supply): The production of tanks at the Angus shops is proceeding favourably. We expect a considerable number of tanks to be delivered in the month of June. The intended production is three per day, and we expect that will be reached in due time. This is a most complex business. We have proven now that all the details have been taken care of. Of course, the great task in all complicated mechanisms is to get the first complete mechanism. All I can say is that production there is proceeding well.

RAILWAY ACT AMENDMENT

FREE RAILWAY TRANSPORTATION FOR MEMBERS OF THE MILITARY, NAVAL AND AIR FORCES

On the orders of the day:

Mr. T. L. CHURCH (Broadview): A month ago the Prime Minister (Mr. Mackenzie King) said he would name an opportune day for consideration of Bill No. 2, to amend the Railway Act with reference to soldiers' fares. I would ask the Prime Minister, would he name a day, or shall I have to move for leave of the house to proceed with the second reading of the bill? I did move for leave, on May 8, and the Prime Minister then asked that it be postponed, and said he would name an opportune day.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I understand that the Minister of National Defence (Mr. Ralston) will make a statement on that matter before the house adjourns.

SCRAP IRON

REPORTED MOVING OF DOMINION BRIDGE FURNACES AND ROLLING MILLS FROM CALGARY PLANT TO VANCOUVER

On the orders of the day:

Mr. C. E. JOHNSTON (Bow River): I wish to direct a question to the Minister of Munitions and Supply. On May 22 I asked a question with reference to the Dominion Bridge company's plans to move its furnaces and rolling mills from its Calgary plant to Vancouver. A return was ordered, and after a question asked on June 6, the return was made. That return contains only one letter, which the Dominion Bridge company wrote to the government, and there is no answer. I am informed that there was more corre-

spondence. I wonder whether the minister would clear that point up. Surely the government must at least have answered their letter.

Hon. C. D. HOWE (Minister of Munitions and Supply): I was told that that represented the complete file as of the day it was tabled. I shall be glad to check it and see if there is some further information.

Mr. JOHNSTON (Bow River): I am informed that there is. I think there must be some mistake there.

Mr. HOWE: I cannot understand why the full file would not be returned, but I shall be glad to look into the matter.

SUPPLY

STATEMENTS ON MOTION OF MINISTER OF FINANCE FOR COMMITTEE

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of supply.

Mr. J. R. MacNICOL (Davenport): Before Your Honour leaves the chair I wish to make some comment on the agreements tabled on May 29 by the Prime Minister (Mr. Mackenzie King) in reference to the diversion of waters from the Niagara river at Niagara falls.

Before doing so may I, as the first to speak to-day, extend my compliments to the new Minister for National War Services (Mr. Thorson)? There is one thing about his appointment which makes me glory in British institutions, and that is that he represents a race other than British, because he is descended from those who came from Iceland. I remember being at a great banquet in London during the coronation festivities, a banquet which was attended by the present Minister of Justice (Mr. Lapointe) and other distinguished statesmen from various parts of the empire. One of the principal speakers was Colonel the Honourable N. C. Havenga, a statesman from South Africa. He made what struck me as a very patriotic British speech, and he was of Dutch origin. The Minister of Justice also made a speech; he is of French origin. It is one of the glories of the British empire, Mr. Speaker, that races coming into our empire bring to it their strength, their education, all that they stand for, and assimilate it with that for which we stand. That is what makes the British empire the greatest in the world. That is why the British empire will win in the conflict in which we are now engaged.

With regard to the agreements tabled by the Prime Minister, I intend to be brief, and I am not going to oppose them. But I believe, having given perhaps as much study to this matter as any other hon. member, and having travelled thousands of miles in and around the watershed west and north of the Niagara river, that I might be expected to say something on this subject. I know the problems with which the Prime Minister has been confronted, and I am not rising in an attitude of combativeness or opposition.

The agreement states three things. First, on the United States side of the line 5,000 additional cubic feet of water per second may now be or at present is being diverted from the Niagara river south of the falls. Second, 3,000 additional cubic feet per second may be diverted from the Niagara river on the Canadian side of the falls. Third, works will be erected—I assume as promptly as possible—on the Niagara river south of Niagara falls, somewhat of the character of those so exhaustively planned and detailed in the report of Colonel—later I believe General—Warren, of the United States army, chief engineer of the United States division of great lakes, during his term of office.

In addition to the two diversions to which I have just referred, and which are mentioned in the agreements tabled recently, there was the agreement of March 19 which permitted the province of Ontario, the government having obtained the consent of the United States, to divert from Niagara river an additional 5,000 cubic feet per second on the understanding that the province would at once divert into lake Superior, from the flow of the Kenogami river, 1,200 cubic feet per second, and proceed to erect works, to divert from the Albany watershed a flow of 4,000 cubic feet per second into the great lakes.

It was necessary to have these two agreements to which I have referred because the diversions in question would violate the international treaty of 1909, which distinctly states that on the United States side of the line they shall have the privilege of diverting from Niagara river a maximum of 20,000 cubic feet per second, and on the Canadian side of the line Canada was to have the right to divert 36,000 cubic feet per second These two diversions are referred to in article V of the boundary waters treaty of 1909. It became necessary therefore, as I understand, to pass these two agreements to which I have referred. They are not laws, nor are they treaties; they are merely agreements and are subject, I presume, to abrogation or change at some future time.

The white book which was tabled some time last October refers in article IX to the diversion of 5,000 cubic feet per second by the province of Ontario as a result of their pouring water into lake Superior to that amount,

either now or later on. What are the diversions at Niagara falls to-day? I feel constrained to make these remarks so that during the recess any hon. members who are interested enough to study the question will have at least some data before them on which to base their studies, and in 1942, when the recent agreement tabled on May 29 comes up for revision, hon. members if they so desire will be in a position to add something to any debate in connection with the further extension of the May 29 agreement.

The United States has the right to divert 20,000 cubic feet per second, and Canada can divert 36,000 cubic per second. But from the 36,000 cubic feet per second that belongs to Canada, for very good reasons which I will not go into now, having done so on previous occasions, the United States receives the power from 10,000 cubic feet, which really brings their taking up to 30,000 cubic feet; and then, from the Ontario Hydro-Electric Power Commission, they receive power produced by a further 3,600 cubic feet per second, bringing the amount now diverted, either on our side of the line or on their own side but for purposes wholly on their own side, up to 33,600 cubic feet per second, which therefore reduces the amount used on our own side for power in Canada to 22,400 cubic feet per second.

The agreement of May 29 permits the United States to divert immediately another 5,000 cubic feet per second out of Niagara river, which brings their taking out of the river on their own side, or from our side, for their purposes, up to 38,600 cubic feet per second. Under the agreement of May 29 we too shall be permitted to take another 3,000 cubic feet per second, which will bring our taking for our own purposes up to 25,400 cubic feet per second, apart from the 5,000 cubic feet referred to in the March 19 agreement, that belongs to us, since we are to divert from our own purely Canadian watershed into the great lakes watershed the equivalent of 5,000 cubic feet per second. Altogether, therefore, at the moment, there is being taken out of Niagara river south of Niagara falls a total of 69,000, plus 3,800 which is still to come from the Albany watershed, or 72,800 cubic feet per second.

On Sunday last I drove over to Niagara Falls to confirm rumours I have been hearing for some time with regard to the effect of this diversion of water on the great scenic beauty of the falls, at least, the former glory of the falls, which made it perhaps the greatest scenic wonder in the world. I drove over to ascertain the effect of the diversion of this 69,000 cubic feet per second, plus another 3,800, or, to be exact, 72,800 cubic feet per second. If hon. members will drive over they will be struck, as I was, that as far as the falls are concerned the effect upon their majestic beauty is a tragedy. The diversion of over one-third of the possible flow, which amounts normally to 210,000 cubic feet per second, though it does fall as low as 190,000 cubic feet per second, has had a marked effect on the beauty of the water flowing over the falls.

However, as I said before, I am not opposed to the present agreement, because it is stipulated in the agreement that this is for emergent war purposes. I have my own knowledge of these things. What I dislike about all these diversions is that they are asked for because of the war, though anyone who knows anything about Niagara falls, the watershed behind it and other watersheds, knows very well that all that power required could have been provided for during the last few years if either this government or the United States government—they would have had to do it jointly—had proceeded with the work south of the falls, which would have permitted a considerable additional diversion without affecting their scenic beauty. Why this government and the United States government have not done that I do not know.

In addition to what is diverted out of the river at Niagara Falls there is another deterrent effect on the flow over the falls, namely, the 3,900 feet diverted at Chicago. Chicago takes 1,500 cubic feet for dilution purposes, according to the order of the United States supreme court, and is permitted to take up to 2,400 cubic feet per second for domestic purposes, making a total of 3,900. That too has an effect on Niagara falls. The water taken at Chicago is diverted wholly out of the watershed into another watershed. However, I am not going to discuss that at the moment.

I now want to give the house some information about the power developed at the falls. These are not the latest figures; they are from the report of 1920 of General Warren. I believe that on our side of the line there has been a change in the amount of flow at Queenston which has altered these figures, but as I have not the authentic figures of to-day I give the ones which were authentic up to the time of this report. They are subject to change in reference to the increase of flow to Queenston resulting from the non-use of any other Canadian plant at the falls. I give the figures because I want to show that the water at the falls is not being used for power to the extent it should be. And someone is to blame for so much water being

used to produce so much less power than could be produced were the water properly used.

For example, at the plant of the Canadian Niagara Power Company on our side of the line, all of whose power development goes to the United States side of the line, the diversion according to General Warren is 9,600 cubic feet per second, from which they produce 100,000 horse power. The head is only 173 feet and the horse-power developed per cubic foot per second is 10·4.

At the Ontario Power Company plant a diversion of 11,200 cubic feet per second produces 163,000 horse-power. The head in this case is 215 feet and the horse-power produced is 14·6 per cubic foot.

The Toronto Power Company I believe has been merged with the hydro power, but according to these figures it diverted 12,400 cubic feet, producing only 125,000 horse-power, with a head of 183 feet or 10·1 horse-power per cubic foot.

The Ontario Hydro Electric Power Commission at Queenston via Chippawa at that time was using 10,000 cubic feet per second. I believe it is now using 16,000, and the power produced at the time of General Warren's investigation was 294,000 horse-power from a head of 313 feet, or 29·4 horse-power per cubic foot.

The Niagara Falls Power Company, with a diversion of 9,450 cubic feet, produced 100,000 horse-power at a head of 219 feet, or 10·6 horse-power per cubic foot.

The next major power production plant there, the Hydraulic Power Company, using 7,840 cubic feet per second, producing 145,000 horse-power at a head of 219 feet, with the most modern equipment, apparently more modern than used in some of the other plants for it produced 18·5 horse-power per cubic foot.

Someone has been to blame during all these years in not modernizing the power plants at Niagara Falls. It is apparent from the figures I have given that if the maximum height of 313 feet on both sides of the line, at Queenston via Chippawa in Ontario, and I believe it is Fort Schlosser on the United States side, an ancient fort site of long ago, the power produced at Niagara could be almost doubled. Someone should be responsible for the neglect to take advantage of the power resoures at Niagara Falls. These piecemeal agreements for diverting water are robbing us of the great heritage of power and are not the proper methods. Some other plan should be used.

I suggest to the Prime Minister, since he has added a new minister to his cabinet this morning, that perhaps the time has come to have a minister of power to control the development of the water power resources of this great country. I tell the Prime Minister that many of the power resources of this country are in danger of seizure by power barons, and the government should take command of all these vast resources that will last forever. There is nothing like water power for maintaining itself forever. In our great northern territory where I am going this summer, away up the Mackenzie river valley, I expect to see on the Slave river vast power resources north of Fitzgerald. I do not know who possesses those powers to-day, but perhaps the Prime Minister might consider some way of conserving them for Canada before the power barons seize the incomparable natural power resources still belonging to this country.

The agreement also states—and I am strongly in accord with this:—

> It is also proposed that the engineers of the two governments be directed to take in such steps as may be necessary with a view to initiating forthwith the construction of works designed to distribute the flow of waters over the falls in such a manner as to preserve their scenic beauty.

I am one hundred per cent behind that, and would urge the Prime Minister at the earliest possible moment to associate this country with the United States in arranging for those works. General Warren gave a very exhaustive statement on these works as a result of his survey. I myself have followed the watershed to its remotest confines to fix in my mind and visualize the tremendous power behind Niagara falls. Later the engineering board of review, in 1924, I believe, amended General Warren's plan and improved it. On Sunday I made a careful investigation at Chippawa to see what will be the effect there of the adoption of the plan of the engineering board of review. I believe to adopt it in full would raise the height of the Chippawa pool from 561 to 571 feet, meaning that the Chippawa power canal intake would have to be raised—and not only raised, but be dredged out. There would have to be dykes at Tonawanda and elsewhere, where the shore does not reach ten feet above the present level of the river. That of course would be a small matter.

The argument used in support of the new plan is that only one works would be required, consisting of a monumental bridge and control works, which would be situated approximately a mile or a little over a mile south of Niagara falls. It would be a controlled dam operated by gates which would rise and fall at will, and it would entail works and a weir immediately south of the brink of Niagara falls.

I doubt very much if on Sunday the depth at the notch in the Horseshoe falls was more than three or four, or perhaps five feet, at the outside.

The new plan proposes that a weir be built immediately south of the falls for the even distribution of water over the brink. The Minister of Munitions and Supply (Mr. Howe), being an engineer, will understand that the evening up of the water immediately south of the brink of the falls would to a great extent retard erosion, which now amounts to quite an item at the falls. Indeed, unless erosion is arrested before long, the two cities of Niagara Falls, possibly not within our own time, but within one or two hundred years will be away down the river from the falls. The falls will be farther up the river. I believe the average erosion is about seven feet annually to the south.

In my judgment it is imperative to preserve the scenic beauties of that majestic, natural wonder. As speedily as possible this government and the government of the United States should have works constructed to conform with the best engineering features the two governments can devise. We are now told that after the works are completed a further diversion of 10,000 second-feet on each side of the line can be taken, without in any way affecting the scenic beauty of the falls. My own judgment would be in accord with that, namely that more water could be taken by an even distribution of the water across the brink of the falls on both sides of the river without affecting their beauty. Provided that these proposed works would preserve the falls, why not use the additional horse-power, if we can get it? After all, God placed it there for the benefit of this country and the United States. A further 10,000 cubic second-feet on each side would mean a very great increase in the production of power. I hope—I am sure we all hope—that that power will be greatly needed after the war for purposes of rehabilitation in this country. I expect it will be rehabilitated.

In my judgment, therefore, the first consideration the government should have in mind is to proceed with the works proposed in the agreement. Do not delay. Do not let another twenty years elapse between the proposal and the time the work is done, as has happened in the past. We must make every effort to preserve scenic beauty which is unequalled anywhere else in the world, a beauty which each year brings vast sums of United States dollars to our side of the line. The beauties of the falls are best seen from the Canadian side. The works suggested would not only permit an increase of power, but would raise the level of lake Erie. Everyone knows that the level of that lake is sadly depleted.

I have before me the monthly report issued by the hydrographic map service of this government. It shows that in May of this year the average stage of lake Erie is 1·41 feet lower than the average stage in the past eighty-one years. The level of lake Erie would be raised on the completion of the works proposed in the agreement. Those who have investigated the levels of lake Erie—and I have done a good deal of it myself—know that at present the shore line of lake Erie extends out along the lake a quarter of a mile or more, and that some years ago those same points were under water. So that I will support any proposal to preserve the beauty of Niagara falls, and raise the water level of lake Erie. The raising of the Chippawa pool to 571 feet would retard the flow out of lake Erie. When the flow is retarded the lake itself rises. So that, as I understand it, no other work would be required, except this at Chippawa, to the height I have indicated.

I should like to present another angle of this whole subject to the government, in connection with its discussions of these matters with engineers from the United States. I would suggest that they try to persuade the United States to bring about the diversion of water from their own side of the line, into the great lakes. I fought like a tiger against the diversion from the Albany river watershed. That is past. I cannot do any more in that regard, and there is no use wasting more time on it. But we can compensate for what was done at that time by bringing about a diversion from the United States side of the line.

I spent considerable time in making extensive travels in the thousand lakes area of north Wisconsin. There are said to be a thousand lakes—there may be two thousand so far as I know. The whole country is dotted with lakes, and from those lakes several great rivers start. The water scarcely knows which direction to flow. Those lakes provide the source of the Wolf river, which flows into lake Michigan, the St. Croix, which flows into the Mississippi, and the Wisconsin, which flows into the Mississippi.

After making my own survey as to the possibility of diverting water out of the Wisconsin river along part of its ancient course via the Fox river, I went to Madison and discussed a proposal with the state engineer. I am happy to say that since that time the state of Wisconsin has taken into serious consideration the matter I talked over with their engineers. I pointed out the advantage to be gained from damming the Wisconsin river

south of Portage, where its current ends, and from which point, until it reaches the Mississippi, it is often a nuisance to the state. It is a large, flat river, with little current in it west of Portage, and it frequently overflows its banks. One and a quarter miles east of Portage the Fox river flows north, in the opposite direction. The Wisconsin river flows south and west. The water level of the Fox river is six feet below that of the Wisconsin, and the Wisconsin would overflow into the Fox. For years there were great floods around Portage, making lakes miles long in the state of Wisconsin. All along the Fox river are vast coulees dug out by the overflow of the Wisconsin river in years past. To prevent further action of the kind the state government has built at Portage a dyke fourteen miles long and twenty-five feet high. This prevents the waters which ordinarily and naturally would flow into the Fox river at flood time and into the great lakes. I believe the engineers are now satisfied that they can divert out of the Wisconsin a flow of 1,500 second-feet.

Their first statement is that they could divert 1,500 cubic second feet for 120 days per year. That is based upon the erection of two large reservoirs at Big Eau Pleine and Little Eau Pleine. All they have to do is to erect other reservoirs in that district and they would be able to maintain a flow of 1,500 cubic feet per second from the Wisconsin into the Fox and then into the great lakes. They could then produce another 20,000 or 30,000 horse-power of electrical energy from the flow of the Fox, east of lake Winnebago from which the river descends a hundred feet, more or less, to lake Michigan via the Fox; there is an old natural course where in years gone by there was a large flow of water out of the Wisconsin river. But they have stopped that. On our side of the line we have been most generous. At the present time we are diverting out of the Kenogami watershed, which is wholly Canadian, 1,200 cubic feet per second, and are considering diverting another 4,000 cubic feet per second. I should like to see the government try to persuade the United States engineers to do just what I have suggested; dam the Wisconsin, take the surplus flow and send it into the great lakes. That would help their trouble at Chicago. It would be wholly their own water; they could do what they liked with it. They could do what they are permitting us to do with the Albany waters. They could use it as it flows down; they could divert another 1,500 cubic feet per second without injuring the lake level at Chicago.

[Mr. MacNicol.]

This district is quite historic. Nicolet, one of the early French explorers, went up the Fox river in 1634, and Fathers Marquette and Joliet went through there in 1673. I spent some time along that river going into the history of the district.

I should like to refer to one or two other diversions. I referred to Chicago a moment or two ago, but I want to place it in order on the records. At the moment Chicago can divert up to 3,900 cubic feet per second, all lost to the St. Lawrence system. The agreement states that this proposed diversion at Niagara Falls will terminate in 1942. I have not much confidence in such promises. We have a bold example of the failure to live up to agreements at Massena, where 25,000 cubic feet per second are being diverted from the south branch of the St. Lawrence river. This was originally the main course of the river. This water is being diverted across New York state to generate 90,000 horse-power at Massena. Half of that, or 12,500 cubic feet per second, belongs to us. I am afraid that when the St. Lawrence waterway treaty comes into this house it will be found that the power barons may claim compensation for the loss of the use of this 12,500 cubic feet of Canadian water. I hope that when that treaty is being considered other hon. members will be prepared to vote against compensation being paid for the use of Canadian water diverted at Massena.

That agreement was made in 1918, and we heard the same story, that it was for war purposes. It was stated in the agreement that if and when the war ended, the diversion would be stopped. But that was not the case. The war was over before the diversion weir in the St. Lawrence had been completed. They were diverting some water before, but the agreement was to permit the erection of a weir which would raise the water and permit a greater diversion. Unless the signatories of this agreement will live up to it, what is the use of making it? We will live up to it, but our cousins south of the line must be educated to living up to agreements. They are sharper than we are. I do not find any fault with that. I like to see sharp people; I like to see people who are able to defend themselves and who get what is coming to them.

Under the present agreement they are to get 5,000 cubic feet per second and we are to get 3,000 cubic feet, but when we want another 2,000 cubic feet, we can have it. I hope that is correct, because it is only fair that we should have that. I have another case in mind where we lose everything, that of the St. Croix river between New Brunswick and

Maine. Immediately south of the junction of the main branch of the St. Croix river and the west branch, a dam has been built to hold back the flow of the St. Croix river. The whole river is diverted into the state of Maine to produce power. Of course the water is returned to the river lower down. We get absolutely nothing out of it; at least I am not aware that any power which is developed is sent back to our side.

I am afraid of any further raids. Recently I read carefully a report of the engineering board of review in the United States, which stated the advantages of diverting 5,000 cubic feet per second out of lake St. Francis. I doubt if that will ever take place, but they pointed out the advantage of diverting that water to lake Champlain. Their engineers are on the job. This same report contains a plan for the diversion of the Black river in New York state, which now flows into lake Ontario at Sackets harbour. The proposal is to divert water from the Black river into the Fish river and Mohawk river. Any diversion of water from the lake Ontario watershed would violate the 1909 treaty. I hope it will never be permitted.

I think that is all I have to say. I am not opposed to the present diversion, since it states in the agreement that it is to be reconsidered in 1942. I hope the government sees to it that these works are constructed on the Niagara river in order that the lake Erie water level may be raised and the scenic beauty of this great natural wonder preserved.

I repeat what I said a moment ago. I hope the Prime Minister will take into consideration the appointment of a board or a minister or a departmental branch which will assume control of the undeveloped water-powers in territories which are still under the control of this government, preserve them for the people of Canada and prevent their exploitation by the power barons who may try to get possession of these great water powers in our vast hinterland, over a great deal of which I have travelled. I think I have covered all of Canada south of the sixtieth parallel and I should know something about its water resources. I hope the Prime Minister will consider preserving for the people of Canada the still vast water powers of this country.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I shall not detain the house from going into supply for more than ten minutes but inasmuch as for many years between 1921 and 1930 I have protested against the Chicago diversion and have taken part in the debates from February 26, 1929, on the various diversions in the Niagara river, I wish to take a few minutes to protest against the principles involved.

Prior to the statute of Westminster being passed a similar matter came up in this house on February 26, 1929, by way of a debate on a convention or protocol with Washington, and on that occasion I raised this important question of the further diversions of water in the Niagara river for power on both sides of the line. Ten thousand feet then on this side belonged to Ontario and half way out to the boundary line, including the water and the banks of the river and rapids, subject to the rights of navigation. The other half at that time belonged to New York state and the United States. This matter then came before the house in a convention or protocol for the preservation of Niagara falls by the construction of remedial works and for the experimental withdrawal of additional water from the Niagara river. There was a treaty before the house on that date on the very question; it was signed by His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India; and on behalf of the United States of America by the President. The terms of the whole convention as to 10,000 horse-power for each country, now reduced to 5,000 and 3,000, are set out in the statutes of Canada for 1929, at page xiii of the prefix. I am in favour of the further diversion for immediate power purposes, as I was in 1929, but I object to the new way of doing it.

What has happened since that time, and how are these matters done now? Just by a note of our executive, whereas at Washington the senate must approve. There were imperial conferences in 1926 and 1930. Up to that time Great Britain and the British empire did not have any written constitution or strict rules of law. The constitution of Great Britain consisted of a number of usages, customs and conventions which have bound the empire together by ties of race and blood and of other principles unwritten except by Canada to the 1867 British North America Act. But at these imperial conferences they changed the whole constitutional structure of the British empire. They passed the statute of Westminster, which made Canada a separate dominion, so that we can now make our own treaties over the head of the mother country and we had our own seat in the league and many other things. I should like to quote a few sentences from Wheare's "The Statute of Westminster and Dominion Status." He says at page 3:

This constitutional and international position may be set out partly in rules of strict law,

such as statutes, passed by the United Kingdom parliament or by the parliaments of the dominions, and judicial decisions, and partly in non-legal rules, such as constitutional conventions. The most important of the rules of strict law which define dominion status at present are to be found in a statute of the United Kingdom parliament, the Statute of Westminster itself. The most important of the non-legal rules are to be found in the constitutional conventions between Great Britain and the dominions agreed upon and declared at the imperial conferences of 1926 and 1930, and set out in the reports of these conferences.

Then at page 5:

It is asserted, for example, that Great Britain and the British empire have an "unwritten" constitution. A constitutional statute is regarded therefore as something alien to the spirit of the constitution. On such a view of the nature of the British constitution, and of the constitution of the British empire, it was inevitable that the passing of the Statute of Westminster should appear to be a mistake. Some members of parliament, in the United Kingdom and in the dominions objected to the proposal to pass the statute, not because of the terms it contained, but because it was a statute. Lord Buckmaster, an ex-Lord Chancellor, put this point of view in the House of Lords during the second reading of the Statute of Westminster bill. He said that he intended to support the bill, but that he felt it was a mistake.

It is not—he said—that its actual terms offend any of the relationships existing between ourselves and our dominions. It is that it is, as I believe, for the first time, an attempt made to put into the form of an act of parliament rules which bind the various component parts of the empire, and that I regard as a grave mistake.

There is a footnote which says:

In Australia Mr. W. M. Hughes reiterated the view he had already expressed at the imperial conference of 1921 that it was unnecessary to write down the constitution of the British empire in black and white.

As a result of that empire-wrecking statute, the statute of Westminster, we are now a separate country and here now by a note of Canada's executive power we part with this heritage. Although the senate and house of representatives have to agree in Washington to what is done there by the text of a treaty, here in this country the Prime Minister of Canada, over the head of this parliament, even while it is in session, can by a stroke of the pen give all this away on terms instead of, as in the past, having it done by a protocal or treaty. We in this country can be gold-bricked in connection with this and future diversions, which they say is for emergency purposes. It does not need parliament's consent at all; we get it only for information and can do nothing about it.

Under the Boundary waters treaty, as I pointed out on February 26, 1929, the United States is entitled to 20,000 cubic second feet of water a second and Canada to 32,000 second cubic feet, of which Canada exports 12,000 cubic feet of water a second of her allotment by export to the United States. So that we receive 32,000 less 12,000, or a net 20,000 second cubic feet; now we are getting 3,000 additional second cubic feet and the United States, by this new diversion, 5,000 more. It is only 23,000 second cubic feet that Canada retains. What will the United States get? By the Boundary waters treaty the United States is entitled to 20,000 cubic feet per second. So that the United States will have 20,000 plus 12,000 of our 32,000 second cubic feet exported to them. The United States will now get an additional 5,000 second cubic feet as an emergency measure, making 37,000 in all as against our 23,000 up to date.

This new method of dealing with international questions upsets the whole constitutional practice. We are going to be gold-bricked sooner or later. Once that waterpower is given in this manner, it is gone forever, no matter what this note says. I object to this. I believe this is the greatest principle that has been raised in parliament since the war started. The last time, in 1929, the mother country had to sign the then convention; now it is different. If we are going to conduct business in this way and make our own separate treaties, I object on the principles that I objected to two others without the consent of parliament. Canada had no right to bind this country to the proposals there set out or to the Ogdensburg agreement and the Hyde Park agreement, good though they were, except by convention. The principle is all wrong; it upsets all our relations with the mother country. Under the lease-lend act Canada will be committed for munitions and supplies for Great Britain, over the head of this parliament, running up to an amount it may be of one billion dollars this year. This is done on the principle that we are a separate country and can make our own treaties over the head of the Canadian parliament and of the mother country. Someone will have to pay for all this after the war, Britain or Canada, or both, as it is only a lease and a lend to be paid later.

The power situation in the Niagara district was only redeemed for the province of Ontario by the establishment of the hydro-electric power system for the people at cost. True, my leader does not believe in public ownership, he says, but Ontario does. I should like to say right here that I did not say that the Calgary Power company, which was before this house the other day, had any affiliations with the Beauharnois or Montreal Light, Heat and Power company. Far from it. What I said about the Calgary Power Company was

that there is a forward movement of aggression by this and other companies for extra power, to grab it for private ownership. The state of New York insisted on private ownership in 1929, but in Ontario we have established public ownership of electric power. I did not say the other day that the Calgary Power Company was tied up with Montreal Light, Heat and Power. I was referring to the proposition in 1926 and 1927 in commenting on the history of the company.

I have said that I believe Ontario has been gold-bricked before and Canada may in the future be gold-bricked in connection with any additional diversions. I need only refer to the Stormont Power company, which purchases power direct from Montreal Light, Heat and Power at $10.50 per horse-power, while the same company sells the same kind of power at less than one-third the rate it now charges at Cornwall for the same direct current, and commercial and domestic lighting to its Quebec customers for the very same class of service. The Hydro-Electric Power Commission of Ontario purchases power from the Beauharnois company for $12.50 per horse-power under a revised agreement which was formerly $15 per horse-power, and financially the Beauharnois and Montreal Light, Heat and Power are one. What I am objecting to is this particular way of doing business. No plans or specifications have been filed under the provisions of the Navigable Waters Protection Act. I wish to support what has been said by the hon. member for Davenport (Mr. MacNicol), as to the principle involved here and the mistakes of the Chicago diversion.

Back in 1929 there was a debate in this house, which lasted for many days, in which the preservation of the scenic beauty and other works at the falls was much discussed. At that time the additional number of second cubic feet of water to be diverted was 10,000 to the United States and 10,000 to Canada; under the present arrangement it is 5,000 to the United States and 3,000 to Canada. We should know more about the plans and specifications and the weirs and remedial works. We should be informed what is to be the effect upon the scenic beauty of the falls, and know of the erosions in escarpment. In my opinion, it is going to be absolutely destroyed if this measure goes through unless we have properly constructed remedial works.

No doubt both sides need power, but there is a better method by treaty of getting it, as was shown during the course of the debates in 1929, in the speech of the Hon. J. D. Chaplin, reported in *Hansard* at page 469 where he supported the views I expressed there. As I said in 1929 a special international board was appointed when this matter came up in that year. It was appointed by hon. gentlemen opposite and was known as the special international Niagara board, for the purpose of finding how the diversion could be carried out so as not to ruin the scenic beauty of the falls. The American falls are slowing down and are beginning to run dry; for years there has not been the same volume of water there; far less water goes over them today than ever before. The Horseshoe falls will also be affected somewhat from lower lake levels as a result of the Chicago and other diversions. The board set up under the 1929 convention consisted of: J. T. Johnston, director of dominion water power and reclamation service; Doctor Charles Camsell, Deputy Minister of Mines, and Doctor J. Horace Macfarland, past president of the American Civic Association. Mr. Johnston and Major Jones were the members of the international board of control established in 1923. Why are not the successors of this board called together in connection with this present diversion? I wish to protest against this way of doing business. This diversion was proposed away back twelve years ago, in the form I have indicated. Why was nothing done about it until now in the dying days of this session, when more power has been wanted since 1929 from this very diversion by both sides?

I wish also to protest against any more export of power; 12,000 cubic feet of water a second going over there, and now 5,000 more added, while we in the province of Ontario are in darkness as a result of daylight saving all the year round. It is not necessary. What did the chairman of the Hydro-Electric Power Commission of Ontario, Hon. W. L. Houck, say at Buffalo yesterday, referring to this diversion?

> Daylight saving has not been a necessity in Ontario during the past year, but it was needed in Quebec, where there was a power shortage, and with its usual cooperation the Ontario government acquiesced with the suggestion of the federal government concerning daylight saving.

This extra development, 12,000 plus 5,000, represents 17,000, whereas Ontario gets only an additional 3,000. Does that mean that we shall have to continue daylight saving merely to save 150,000 horse-power for some alloys in connection with aluminum company plants which Quebec and Montreal and other companies could provide for by a readjustment and by their own power conservation? Consider on the other side of the account that Ontario is required to conserve power and turn over export and get less than its share by contracts while from six to nine in the morning the use of commercial and domestic

lighting is twice what it should be, especially for domestic purposes. There is no saving for industry.

I warn the house that, without any reports from officials, without reports from this board, without reports from officers of the department under the Navigable Waters Protection Act, or any plan, we are going to sanction this diversion in a fashion which has never been done in principle before in this legislature or any provincial one. I can only say that, if we are going to do things this way, let us get some public ownership men in charge of daylight saving, and not one of those who helped to put the Abitibi company in the condition it is, a lawyer and other agents for the grain exchange, the Calgary Power Company, the Canadian National Railways, the Beauharnois company and the companies which I mentioned the other day, and who is or was listed as one of the directors of this Calgary Power company.

I protest against this principle, whether in peace or war, or giving away by this principle of a note our natural heritage, the water-power of this country, in the manner it has been done by this parliament.

Yesterday we were talking about a select committee, and that committee has found out nothing. I was one of those who helped to dig up the Beauharnois scandal and wake up parliament about it, and I was pretty nearly driven out of parliament because I proposed to support the policy of the province of Ontario in conserving its natural heritage, the water powers and natural resources for the use of the people of this country. As Theodore Roosevelt said of the United States, in twenty-five years that country may run out of coal. There may be a shortage in the next twenty-five years, with the result that power for industry, for commercial and domestic lighting, for labour and for the farmer will be hard to get. Considering the scarcity of coal which is bound to face us this winter, as well as the impending scarcity of oil and other substitutes, we should go slow in this kind of legislation. I object in principle to these agreements without the authority of parliament. While I am satisfied with the policy of immediate diversion, I am not going to consent to this going through in a way which violates the whole constitution of this country since confederation on boundary waterways matters, and which changes the procedure regarding our international relations with our great friends and neighbours from what it has been since 1844, when Sir John A. Macdonald made the great speech he did at Kingston City on our need of relations with the mother country who were parties to this diversion in 1929.

I hope we shall have more details about this matter. It is true we are told that it is only for an emergency. But everything that is put before us is supposed to be for a war emergency. As the hon. member for Témiscouata (Mr. Pouliot) aptly said the other day, you cannot blow your nose in this house without its being said that it is for the war effort. Every time a deputation goes down to Washington it gives away something or agrees to something over parliament's head. I protest against this procedure of conducting our relations by means of notes instead of treaties and conventions and protocols. There are notes about everything. Every time our officials go to Washington or the joint defence board or any other board meets, we hear about a new note which doesn't get us any place. People will wake up one of these days when their water power has been given away and when we are short of power, coal and oil. Look at the price of fuel as charged by this Cornwall company. The Stormont company purchases power of the Montreal Light, Heat and Power at the price of $10.50 per horse-power, which is about one-third of the price at which the company sells it to workers in the province of Quebec. The reason they are in that position is that parliament sanctions and passes some of these private and public bills without knowing what is involved in them.

If conventions of this kind are to be the result of our status as a nation separate from the mother country, if we are to divert in this fashion the waters of the Niagara, it will be a sorry day for the people of Canada.

Hon. C. D. HOWE (Minister of Munitions and Supply): The Prime Minister (Mr. Mackenzie King) asked me to express to the hon. member for Davenport (Mr. MacNicol) and the hon. member for Broadview (Mr. Church) his regret that he was not able to remain in the house to reply to their remarks. He had an appointment at 12.30 which had to be kept, and he has asked me to make a few remarks in reply.

We are all greatly indebted to the hon. member for Davenport. He seldom rises to speak in the house on power matters without placing on *Hansard* valuable and accurate information. I am sure that all those who are interested in power developments in the St. Lawrence watershed will find, in his reported speeches, valuable material for their studies on this subject.

I would only take exception to one suggestion which he left with the house, and which I am sure he did not intend to have taken very seriously. I refer to his remark that there was sharp bargaining connected with

the recent diversions of power on the St. Lawrence. I think that our present-day relations with the United States are such that no question of sharp bargaining can be allowed to intervene in relation to anything we are doing in discharge of the common effort. As you know, this country is in an all-out effort to aid Britain, and the United States is developing an all-out effort in the same direction. The needs for power in the United States are for the purpose of aid to Britain, just as are our power expansions in Canada. In recent months it has become more and more important for the two neighbouring countries to sit down together to see how the resources of north America can best be utilized to give that immediate aid to Britain which is so urgently required. As a matter of fact, for the last two or three years diversions at Niagara falls have not been a matter of sharp bargaining. We all recall that the United States, voluntarily and without pressure from Canada, offered to anticipate the Ogoki diversion by at least two years by permitting Canada immediately to divert equivalent water at Niagara before the diversion works at Ogoki had been built, and in spite of the fact that after the works have been completed it will be a matter of many months before the effect of the diversion will be felt at Niagara falls. In other words, the United States has already permitted Canada to divert 5,000 cubic second feet in addition to the diversion allowed Canada by the treaty, and that with no corresponding compensation to the United States.

The recent diversions were a matter of utilizing available facilities rather than a question of bargain based upon previous diversion permitted to Canada or upon any consideration except the maximum output of immediate power. The United States, on its side of the falls has installed equipment which can be immediately utilized to transform 5,000 cubic second feet of water into electric current, and Canada on the Canadian side has installed capacity to make immediate use of 3,000 cubic second feet.

This additional power is very urgently needed in Canada and in the United States. As hon. members know, June is the month when we should have adequate power reserves. The peak load comes in December and January, and usually the minimum load of the year comes in June. As a matter of fact, owing to the requirements of war production, every kilowatt of power that is being generated in Ontario and Quebec to-day is being utilized this day. This may not be true of the smaller developments in the more remote sections of Ontario, but it is true of the main network of Ontario and of the complete Quebec network. What is happening is that all surplus power that can be generated is being sent to the Saguenay district for the manufacture of aluminum. An effort is being made to store the waters of the Saguenay against the requirements next winter and to use water power that would otherwise be wasted to protect the Saguenay water power in order that the output of aluminum, so badly needed for aeroplanes for Britain, manufactured in the United States and in England, may be kept up to the highest possible maximum.

The hon. member mentioned the distribution of power from Niagara as between Canada and the United States. I think it is only fair to add to that with the development of 5,000 cubic second feet additional there will be a return to Canada of "at will" power. That has been sent across the border at Niagara for several years. When the time comes this "at will" power will be returned to this country where it will be urgently needed for the purposes of Ontario.

Mr. MacNICOL: I am glad to hear that. Has an agreement been made to that effect?

Mr. HOWE: That is understood in the documents that have been tabled. It is a matter between the Ontario hydro and customers in the United States, but the Ontario hydro have served notice that this block of power must be returned, and I think the application from the United States for additional diversions at Niagara provides for picking up the load that could not otherwise be taken care of when that block of power is returned to Canada.

Mr. STIRLING: What quantity will be returned in that way?

Mr. HOWE: Forty thousand horse-power, as I remember it. This power has been going across at Niagara for some years.

So far as the scenic beauty of Niagara is concerned, that question was looked into by the international board of engineers. Water conditions in the Niagara river are better this year than they have been for some years past, and it is felt that the scenic beauty of Niagara would not be impaired beyond the point which that impairment had reached in earlier years, owing to low water conditions in the river. Coupled with the proposal to divert is the proposal to build remedial works immediately. The effect of these works will be a more even distribution of the flow of water over the falls. The proposed work will increase the head on the Canadian power plants, and to some extent increase the output

of power from those plants, and it will also have the effect of making possible a greater diversion of water on both sides of Niagara without impairing the beauty of the falls.

My hon. friend has suggested that the remedial works should have been built some years ago. He is aware of course that Canada has been pressing for an agreement which would have permitted the construction of these works earlier. The treaty of 1932, which was signed by Canada but was not ratified by the United States, provided that the remedial works should be built as part of the St. Lawrence development. The fact that the remedial works at Niagara falls were tied in with the entire St. Lawrence development has been the retarding factor that has prevented earlier undertaking of this work. However, coupled with the exchange of notes, as my hon. friend has observed, is a provision that Canada will join with the United States immediately in undertaking these works for the purpose of having them constructed by autumn of this year.

The Canadian part of this work is being undertaken by Ontario, by agreement between the province and the dominion, and I know that active preparations are being made for its construction.

I do not know that anything more needs to be said on my part except that we are working out our war problems with the United States in an endeavour to reach the closest possible cooperation for maximum output.

The United States has called upon us to assist in the production of greater quantities of aluminum, which will be the limiting factor in the production of aeroplanes for Britain. To that end the Aluminum Company of Canada is building on the Saguenay river a new power development which will generate 700,000 horse-power, of which 500,000 will be a net increase in the resources of that area. Every kilowatt of that power will be used for the manufacture of aluminum at Arvida, and no great relief will accrue to the power situation in the province of Quebec. It is to conserve water, until the new source of power comes in, that the power controller is sending to Arvida, Sunday power, daylight power, every kilowatt that is to spare at any hour of the day or week, in order to conserve the flow of water in the river until the new development comes in. What has been done at Niagara is simply in furtherance of that purpose to devote every possible kilowatt of power to the production of war materials for aid to Britain.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): The president of the Canadian National Railways, Mr. Hungerford, was asked a question which reads as follows:

Mr. Pouliot: I have a question to ask Mr. Hungerford and then I shall be through. Mr. Hungerford, I hold in my hand a copy of the statement that you made before the senate committee and it is entitled "Railway unification opposed by Canadian National president, 1939." You still hold the same view?

Mr. Hungerford: I do.

This is from pages 159 and 160 of the proceedings of the standing committee on railways and shipping of Thursday, May 22, 1941, No. 3.

Here is the statement made by Mr. Hungerford before the senate in 1939. It is a reprint from the text which had been published in the *Canadian National Railways Magazine*. It is impossible for me to read it all this morning; I shall read only the part which is in larger type and which summarizes the statement made by the chairman and president of the Canadian National Railways against the amalgamation of the two railway systems:

On these pages will be found the full text of the statement presented by S. J. Hungerford, chairman and president of the Canadian National Railways, to the special committee of the senate inquiry into railway problems.

Pointing out that never since 1923 had the Canadian National Railways failed to meet its operating expenses, that it had a very great earning capacity under normal traffic conditions, and that, serving almost exclusively the rich northern mining area of Canada, it had greater potentialities than its rival, Mr. Hungerford opposed unification of the two Canadian railways.

Most of the economies envisaged under unification schemes were unrealizable, he contended. Any that were practicable and in the public interest could be realized under cooperation, he said, holding that if the railways did not show a will to cooperation compulsion would be justifiable in the public interest.

Mr. Hungerford recommended a public body of three, consisting of representatives of each of the railways and a chairman representing the public interest, which would explore and develop cooperative measures and bring the railways together in implementing them.

Of course the question of amalgamation of the railways was never considered seriously by any political party except in later years. When Mr. Bennett spoke during the election campaign of 1930 he said, "Cooperation ever, amalgamation never," and that had always been the attitude also of the Liberal party. After that the Canadian Pacific had some favoured treatment from the then Prime Minister, Mr. Bennett, by a loan of $60,000,000, but it was refunded as soon as the Liberal government came into power. After that we did not hear about railway business until a committee was formed in the senate to study the question of cooperation between both railways. There were many senators who expressed their views, and to the great sur-

prise of members of the House of Commons there was a majority of the senate in favour of unified management of the railways. It was the policy of Right Hon. Arthur Meighen in the senate; he strongly recommended that. He had changed his views. I remember having read in *Hansard*—I was not then a member—that Mr. Bennett, who was also a private member, called him the "gramophone of Mackenzie and Mann." At that time he was strongly for the C.N.R. and after that he changed his views and went over to the Canadian Pacific, as everyone knows.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. POULIOT: I hold in my hand a copy of proceedings before the railways and shipping committee, and would direct the attention of hon. members particularly to the evidence taken on May 20 of this year. At page 79 I find this:

Mr. Pouliot: It is said here there was an order made by his majesty's treasury of the United Kingdom dated October 26, 1940, stating that such portion of the said debenture stock—

Of the Grand Trunk Railway.

—as was held by residents of the United Kingdom was transferred to the treasury, which means that the United Kingdom treasury took hold of the stock that was held by people living in Great Britain.

Mr. Cooper: Yes.

Mr. Pouliot: And the vesting order was made upon the condition that the Canadian National Railway Company would purchase the stock from the treasury under the vesting price. Well, then, did the order apply to the Canadian National Railway or was it done willingly?

Mr. Cooper: It was an arrangement between the finance department here and the British treasury in London.

Mr. Pouliot: Over your heads. Speak frankly, as you have done since the beginning, Mr. Cooper.

Mr. Cooper: Well, of course the repatriation of securities is not a matter which any corporation to-day has anything to do with or say about; it is a matter entirely in the hands of the government concerned.

Then, at page 80:

Mr. Cooper: Can we express it this way? The British government have from time to time named the United States and Canadian securities which became subject to their vesting order. These companies were not consulted.

Mr. Pouliot: No, it was done between governments.

Mr. Cooper: Yes.

Mr. Pouliot: And as I said, over the heads of the company.

Mr. Cooper: The British government, I think, does not even need to consult the Canadian government. They were taking away from their own citizens the property of those citizens.

Mr. Cooper is the accountant of the Canadian National Railways, and a man familiar with the business of the company. It is true that Mr. Hungerford stated the matter was approved by the directors of the company, but he did not state whether it was done before or after.

I read with astonishment in the press a statement made by the right hon. leader of the Tory party in the senate on the occasion of the celebration to the memory of Sir John A. Macdonald in Kingston. This is the passage:

Never at any time did he lose sight of, or subordinate to selfish Canadian purpose, the oneness of our interest, the oneness of our security and the oneness of our destiny with the British empire.

I strongly protest against that statement by the Tory leader in the senate, that being a Canadian means being selfish. It is only the natural and national point of view which must be respected. I respect his views—the views of an imperialist. He is entitled to hold them, just as I am entitled to hold mine. But he has no reason to call me selfish because I hold deep convictions, convictions as deep-rooted as his own.

Hon. members may look at any newspaper issued on April 4. I hold in my hand a copy of the Windsor *Daily Star,* and I find in it the statement made by the Right Hon. Malcolm MacDonald when he set foot first on the soil of the capital of Ottawa. Speaking of those who defend the British isles at the present time, he said: "Even if they were fighting alone, they could not be beaten." That was the way he appreciated the help given to Great Britain by Canada.

And now, sir, I hold in my hand a quotation from British *Hansard,* which appeared in the Ottawa *Citizen* a few days ago. This is from a speech by Sir Archibald Southby:

It cannot be right, when we are fighting for democracy and the right of free peoples to express their views, for the government to come to a major decision of this kind, which will have most far-reaching effects, without giving the House of Commons the opportunity, which is their right, of expressing their views. It is not a bit of good coming to the house when everything is signed, sealed and delivered, and saying, "Here it is; take it or leave it." We are a council of state. Of course, we shall support the executive in anything they do; but they also have a duty towards us and that is to allow us, as far as in their power lies, to express our views, and to make helpful suggestions.

Not only was that said by Sir Archibald Southby, but it was the tenor of the first sentence in the speech delivered this week by no less a person than the Right Hon. Winston Churchill, Prime Minister of England, who said that he welcomed criticism. Of

course criticism is the privilege in a democracy. When we are deprived of the right to criticize we will no longer be a democracy—as we are no longer a dominion; we are just a colony now.

Turning to *Hansard* for March 20, 1941, I see a statement by the Minister of Finance (Mr. Ilsley) to the effect that the government had nothing to do with Sir Edward Peacock regarding the purchase or transfer of Canadian Pacific stock. Now, everyone knows that the shares, which had a par value of $100, have been divided into four. The par value of Canadian Pacific shares now stands at 25, but the market price is only 5. I wonder what would happen if the Canadian government takes possession of that stock.

Of course advances were made to the British government. No one knows when. We have only a superficial view of what has happened regarding the financial relations between Canada and Great Britain, but every member of parliament is entitled to full information on the matter. Sir Edward Peacock was to come here. He went to Toronto. He is a director of the Bank of Montreal and of the Canadian Pacific Railway company. He came here for what is called repatriation. He came to sell stock of the Canadian Pacific Railway company which was held in Great Britain either privately or otherwise.

Sir, I have noted the great change with respect to railway policy in the last two or three years, and especially since the time when Mr. Dunning, who was acting as a vice-president and manager of a subsidiary of the Canadian Pacific Railway, took the portfolio of finance in the government. Of course we know what has happened. Before he took the portfolio he was the director of several companies which are not mentioned in the Canadian Parliamentary Guide, but which are mentioned in full in the British Who's Who. It states in that book that he entered "the business world" by sitting at council tables—council tables other than the one in the east block. He sat there with a man called Arthur B. Purvis, who is a director of many Canadian corporations, and who is now the Vulcan who manufactures chemicals and armaments, and urges the country to buy them from him. I shall not enumerate all these companies, but before becoming minister of finance Mr. Dunning sat at several council tables with Mr. Purvis.

I have before me an answer to a question appearing in *Hansard* of May 21, 1941. It mentions the names of the insurance companies in which Mr. Dunning is now a director, and in which Mr. Purvis is also a director. One has only to look at the tabulation of

officials in the Department of Munitions and Supply to see that Mr. Dunning is now the official representative of Mr. Purvis' company in the Department of Munitions and Supply. The only hiatus between the earlier relations between Mr. Dunning, the Canadian Pacific Railway and Mr. Purvis, and the new relations between Mr. Dunning, the railway and Mr. Purvis, is the period during when he was minister of finance here in Ottawa. He was the creator of the Saskatchewan Grain Growers' Association and the Saskatchewan Cooperative Elevators; he was the power behind those companies. Those companies had no elevators. Who built them? I ask the Minister of Munitions and Supply if he is not the one who built elevators for Dunning and his companies when he was ruling the province of Saskatchewan.

I have another question to ask the Minister of Munitions and Supply. I should like to quote a report which appeared on the first page of the Montreal *Gazette* and which has never been denied. This report disappeared from the last edition of the paper. The minister was about to leave for England; he met representatives of the Canadian press, and here is the report under date of November 25, 1940:

> It is understood Mr. Howe's journey is planned partly for personal reasons, but he undoubtedly would consult British purchasing officials with a view to improving the efficiency of Canadian efforts to meet British requirements.

When the Minister of Munitions and Supply left the soil of Canada to meet Purvis and the Minister of National Defence in England, according to the press he was going there for personal reasons. That, to my knowledge, has never been denied. The Minister of National Defence cannot spend a cent in his own department. As I said yesterday, he has no right to buy a cap, he has no right to buy a bayonet, he has no right to buy a rifle; that is done by the Department of Munitions and Supply and paid for by the Minister of Finance. He has no right to do that, but he appoints as a financial adviser a codirector from Barclay's bank. He has accused me of attacking Colonel Magee because I mentioned that fact, but I was not attacking him. He did not understand what I was saying and I thought he had more intelligence than that. He has been telling hon. members that they should not be asking for patronage, so he had no right to bring in one of his codirectors to sit with him in the Department of Defence. The Department of Defence has no right to spend one cent. I hope this time his intelligence is wide open and he will understand that I am not attacking Colonel Magee. I

am just mentioning the discrimination there is against members of parliament who cannot make recommendations to the Department of National Defence, even in the public interest. But he gets favoured treatment and brings in one of his friends to sit alongside him for financial purposes. He has not the right to spend one cent in his own department.

What is the use of having financial advisers over there? I will not insist upon having the facts referred to by the Ottawa *Journal*. When he is through with his ministerial duties he can go back to St. James street. St. James street has had a loud voice in the decision that has been reached with regard to the purchase of Canadian Pacific stock by the Canadian government. That is not a war measure; it is merely an attempt to get as much for the Canadian Pacific stock as was paid for the stock of the Grand Trunk Railway, which was bought at par, plus accrued interest, as the members of the railways and shipping committee know. I wonder if these people will succeed in this crime of having the government purchase the stock of the Canadian Pacific at more than its market value? I am strongly opposed to that.

It has been the policy of the Liberal party for years to stop any tendency toward amalgamation. That is my policy now, and it has been in the past. I do not want an amalgamation of the railways. I do not want it done when the house is in session and I do not want it done after members of parliament leave Ottawa for their homes. I do not want it done before our faces and I do not want it done behind our backs.

I regret to have to mention one name, a counsel, a barrister, a solicitor, a lobbyist of the city of Montreal, the lobbyist de luxe. I am talking about Mr. Aime Geoffrion, K.C., LL.D., who has been lobbying here for months to bring about the purchase of Canadian Pacific stock at a higher price. This is what has been done by a man who was appointed a director of the Canadian Pacific Railway just for that purpose. I know that he has been canvassing ministers. They will remember him by his Austrian hat and his Hungarian moustache. "Why don't you do that, why don't you do this; everybody knows it will be all right." He is the lobbyist de luxe and he probably does not pay the $25 fee required from any agent who comes here to canvass members of parliament. He does not canvass members of parliament or secretaries; he goes to the higher-ups and therefore he is above par. My information came from a lawyer who is strong for the Canadian Pacific Railway. He said, "Advances have been made to the British government; is it not better to take some guarantee; is it not better to have Canadian Pacific stock as a guarantee than to have nothing?" My answer to that is that if the government does not buy this Canadian Pacific stock now, it will fall lower in price. It would be good business to wait and buy it when it reaches the zero point.

This is an important matter. Why does not the brotherhood protest? They do not because one man who is the head of an international union, and whom I have denounced without mentioning his name, is now a public servant and wants the cover on the pot. I am not anti-British, I am pro-British, but I want Canada to act toward Great Britain just the same as Great Britain acts toward Canada. Mr. Speaker, I have freedom of speech to-day, but I did not always have it. I can say what I want to say because I speak in the shadow of the Chair. You, sir, are as ready to preserve democracy in Canada as are the soldiers who go out on the battlefield. I have the greatest respect for you. You respect freedom of speech and freedom of expression and you deserve to be placed in the ranks of the great Speakers who have sat in that chair.

What is said in England? Here again I quote from a daily paper. I hold in my hand the Ottawa *Journal* of yesterday morning, June 10. On the front page is a dispatch headed, "War 'Blunders' Blamed by M.P. on Coalition. Conservative says Churchill needs 'Better Team'". The dispatch reads:

London, June 9.—Sir Herbert Williams, executive director of the Incorporated Association of Electric Power Companies, to-day told the Croydon chamber of commerce that the coalition government was one reason "for the many blunders" of the war.

Sir Herbert, attacking the cabinet, declared Prime Minister Churchill needed a "better team" around him if Britain were to be better served. "In a coalition government you get rottenness and inefficiency," he said.

This is for the hon. member for Parkdale (Mr. Bruce), who is not in his seat at the moment. It goes on:

"Half the ministers of the crown I wouldn't hire in business for £500 a year. Furthermore I wouldn't hire half the war cabinet for £500 a year," he said. It was a "real peril" to the country that Mr. Churchill "should be regarded as a man beyond challenge or criticism, as a sort of inspired demigod."

What he called the inefficiency of government departments would not improve "until we get a Prime Minister who will say: If you don't do your job, then you'll be fired."

Sir Herbert Williams served as Conservative member of the House of Commons for Reading, 1924-29. He was an unsuccessful candidate for the combined English universities in 1918 and 1931, and for Wednesbury in 1922 and 1923. He was Parliamentary Secretary to the Board of Trade in 1928 and 1929.

If that is not enough, sir, I have another quotation from no less a man than Lord Beaverbrook. This is from the New York *Herald Tribune* of Sunday, June 8:

Adolf Hitler has "given youth its head" in his plans and preparations, and Britain now found itself confronted "with a mentality which makes rings around many of our old ideas."

One may ask me, why are you speaking of these matters? I speak of these matters because we are on the verge of having in this country what I feel would have taken place if Mr. Manion had got into power, at the last election, and it is this: a formidable trust holding every commodity in Canada and ruling this government. That is my fear. My fear is that I may see some prominent business men in control of the commodities of life so that they can dictate their views, dictate their say, to the Canadian people. I am not going to start to discuss the Bank of Canada, and the still more absurd foreign exchange control board, which are no less than a hymn to bureaucracy. I have no time for that now. But I will say this, that in this country we must be very careful to remember that those who preach fascism and who organize it are not all, like ex-Mayor Houde, in concentration camps, because we may find two of them on the treasury benches. They have so much jitters that they are afraid of the coming ideas of socialism and communism, and they think they can put a check on it by installing fascism in this country. We had an example not long ago in the creation of the Department of Transport. It was an incorporated department, organized on corporation lines, on fascist lines. Sir, we must think of the future. At the present time those people have the jitters and they are colonials. They are not real Canadian citizens. They are just colonials who are afraid to speak on behalf of Canada. I was born here and my forefathers for many years back were born here. I am a Canadian citizen. But I do not exclude those who were born in the British Isles and who have decided to make Canada their own country, and who are better Canadian citizens than some who were born here. I have the utmost respect for them. I could name some members of this house who were born in the British Isles and who have true Canadian feelings.

Just a word about something of great importance. We should treat every country, Great Britain just as any other country, as equal. That was stated by the present Prime Minister (Mr. Mackenzie King). I am not a political heretic when I say that because I am just repeating what my revered leader has said many a time, perhaps a hundred times. But there is something else. It is that here in this country we should not forget our past; we should not forget our traditions, which up until this past year have been equal in glory to those of Westminster. I will say now, sir, that the British parliamentary tradition is kept by you here, sir, and by the speakers of all the legislative assemblies in this country, as well as it is in Westminster itself. But I do not think that we should have policies that will destroy the unity of Canada and will destroy the financial system of Canada. I do not mean by that the system that we have temporarily now. I refer to destroying the wealth of Canada which has accrued over the centuries.

I have here an extract from the Ottawa *Journal* of July 3, 1940, quoting what Mottistone has said in England—that he would put the Canadians everywhere. I do not see the use of that. I want the government to keep its pledges of the past. I do not want them to change from time to time. I remember that on the last day of last session, or a day or two before the last day, the Minister of National Defence (Mr. Ralston) said that we would need to send no more men to England, that all those we were to send had reached there. But a few days or a week afterwards I saw that another contingent of Canadians had just arrived in England. No more to go—all those who were to go had left—and yet a day or two or three days afterwards, not long afterwards in any event, another contingent arrived in England.

No less a man than Philip Kerr, afterwards Lord Lothian, said that England needed food and needed munitions but did not need men. He is dead now, but what he said is recorded in the press. I want this country to be defended. I see the Minister of National Defence is taking notes. It is his habit. I think he would die if he had not a pencil in his hand. But let me continue as he takes notes. I want him to inform the house about Jardine McKerlie, that man who said he served in the British army and never proved that he was there, that man who was promoted from $200 a month to $5,400 a year within a few months, and is now inspector of accounts in the minister's department, a man who has a Ph.D. from a fake university, the McKinley-Roosevelt university. I will quote two letters, one from Walton C. John, senior specialist in higher education, federal security agency, United States Office of Education, Washington, dated March 17, 1941. It is not necessary for the minister to take notes: it is on record in the files of his own department:

The McKinley-Roosevelt university is a correspondence school which offers a wide variety of courses and grants degrees for work done by the correspondence method. We have had numerous complaints from different parts of the

world regarding its activities. I find that it is not on any list of approved correspondence schools. In this country no reputable institution grants degrees of any type by correspondence, consequently the degrees of this institution have no academic recognition in the United States.

Is it enough? If it is not enough, I have another one. I send the original to *Hansard*.

Illinois State Examining Board for
Teachers' Certificates
C. H. Engle, Secretary.

March 11, 1941.

In reply to your letter of February 26, I am sorry to state that the McKinley Roosevelt university located in Chicago, is not recognized by any of the regional accrediting agencies or by the office of Superintendent of Public Instruction in Illinois. Work completed in this institution receives no recognition whatsoever in Illinois.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, my hon. friend is quite right: I did take a note or two, because he covered quite a number of subjects, and it was pretty difficult to keep them all in mind. However, I think there are only one or two to which I need refer.

First, the reference of my hon. friend to Mr. Dunning. I have no knowledge whatever of the matter of the Canadian Pacific railway stock to which he refers, except, that as I remember it, my colleague the Minister of Finance (Mr. Ilsley) stated the other night that there had been no mention or suggestion of a purchase of Canadian Pacific stock. It would seem to me that probably that was a sufficient answer.

At the same time, I do feel that this practice which my hon. friend has adopted, of making this house the sounding board for any grievances which he has against citizens of Canada, must be taken notice of, at least to the extent of one saying a word for those who cannot speak for themselves.

All I want to say in this connection is, that, regardless of what is my hon. friend's opinion of Mr. Dunning, and regardless of the insinuations which he has made, I believe I shall receive general approbation from the people of Canada when I say that no citizen who has been in public life was held in higher esteem by the people of Canada generally than the gentleman whom he has attacked this afternoon. Through many years of fine public service, in the legislature of Saskatchewan, as Minister of Railways, and as Minister of Finance in the government of Canada, Mr. Dunning stands in need of no encomiums from me. My purpose is simply to take notice of the fact that he has been attacked this afternoon. I know that citizens generally will feel, as I do, that the attack is entirely unwarranted, is quite out of place, and that the subject regarding which Mr. Dunning's name has been introduced is not a matter with which the time of this house need be taken up, especially at this particular stage of the session.

The hon. member asked a question with regard to my trip overseas. May I tell him that I did not go over there to settle financial questions. I do not recall that a single financial question was discussed when I was in Great Britain, although there may have been one or two financial matters incidental to the subjects with which I was dealing. What I did go to England for, as I endeavoured to tell the house when I came back, was to see the troops over there, to consult with the commanders in the field, to meet General McNaughton and his officers and men, to discuss the matter of organization with Canadian military headquarters, and to ascertain what further we could do in connection with our pledge to help in the war to the limit of our ability. I endeavoured to carry out these purposes. In doing so I interviewed from time to time quite a number of members of the British government and staff officials, and discussed fully what Canada might do to render further assistance. I have given, I believe, quite a full account of that to the people of this country and to the house, and I do not propose to take up time this afternoon in rehearsing it.

The hon. member mentioned another gentleman who is not here to answer for himself—Colonel Magee. He suggested that Colonel Magee was taken on the staff of the Department of National Defence as a financial adviser. Let me tell him that I occupied the position of Minister of Finance for about nine months. If I had wanted financial advisers, I can think of very few whom I would rather have had, from the point of view of finance and business, than Colonel Magee. But I do not recall having even talked with Colonel Magee when I was Minister of Finance, because assistance of that kind was not what I wanted. I may, of course, have met him on the street, but that is all. When I came to the Department of National Defence, however, last fall, I looked around for a citizen of Canada who had had some experience in connection with military matters, and who could be relied upon as having the confidence of his fellow citizens, and I found him in Colonel Magee, a man who had raised a battalion, who had taken that battalion overseas, and who had rendered sterling service in England and in France with the fourth Canadian division. Following that, Colonel

Magee came home and took a special interest in connection with training: I believe he is one of the men who was chiefly responsible for the success of the officers' training corps in Montreal. The result was that I asked Colonel Magee to come to Ottawa in the capacity of executive assistant. He accepted, and I was glad of it. I believe I shall have the approval of hon. members generally when I say that no man could have filled that position more worthily and unselfishly or more acceptably to members of the house and to all the people with whom he has come in contact. He has not been called upon to advise upon a single financial matter of any kind or description in connection with the Department of National Defence. His services have been exercised purely in connection with matters of military administration training and the many details which come up from time to time in the department in connection with which his experience and knowledge of military matters can be of advantage.

My hon. friend made some remark to the effect that I have said that we were not to send any more men overseas. I do not know where he gets that statement. It does not appear in *Hansard* nor in any other published statement of mine, and I am satisfied that I can say without reservation of any kind that I never made such a statement in my life. The argument, therefore, which my hon. friend based on that is totally fallacious. I stated when I came home that we would be sending men overseas. I have stated frequently that we have been sending men overseas. When my hon. friend asserts that somebody said that Britain did not need men but needed munitions, any statement of that kind was based on the knowledge that Canada had pledged the various formations whose dispatch overseas this house has approved as part of Canada's contribution and that that pledge would be kept.

With regard to this man Mr. McKerlie: I never saw him. As a matter of fact I know nothing whatever about him, except that two long questions were asked concerning him in the house, and the department got the answers from the files. My hon. friend may make any statement with regard to that which he sees fit. But I know that Mr. McKerlie was recommended to the responsible officers concerned by Colonel Sherman, who I understand was in charge of the ordnance training centre at that time. He was recommended first with relation to the job which he at first filled, and the title of which I have forgotten, and afterwards to be director of training at the new trade training school because he was regarded as having the technical knowledge necessary for the position. The officers who had charge of that organization are the officers responsible for making that recommendation, and Mr. McKerlie took up his new position in connection with that work. I do not believe that he is with the department at the present time. As a matter of fact—this will probably bring another outburst from my hon. friend—I think he is in the department of my colleague the Minister of Munitions and Supply (Mr. Howe) at the present time—I do not know just in what capacity.

I had not intended to speak at this length, but I felt it was due to these gentlemen that I should say what I have said.

Mr. HANSON (York-Sunbury): Before the minister takes his seat, may I recall to him that he made one notable omission. A very savage and bitter attack was made on the Right Hon. A. B. Purvis by the member for Témiscouata. Mr. Purvis is not here to answer for himself.

Mr. POULIOT: I rise to a question of privilege. The leader of the opposition has no right to use the word "savage," and I want him to withdraw it at once.

Mr. RALSTON: As a matter of fact I did notice it but I really could not tell from what the hon. member was saying whether it was Mr. Purvis that he was attacking or Mr. Dunning. I thought it was Mr. Dunning.

An hon. MEMBER: Both.

Mr. RALSTON: Mr. Purvis did happen to be in England when I was there—

Mr. POULIOT: Hear, hear.

Mr. RALSTON: That proves something. I did not know that he was going to be there and he did not know that I was going to be there. As a matter of fact, I had dinner with him on one occasion—

Mr. POULIOT: Hear, hear.

Mr. RALSTON: —and at that time he was good enough to give me a statement—by the way, my colleague the Minister of Munitions and Supply was not there. That was a notable omission. Mr. Purvis was good enough to give me, in the way in which he can give it quickly, concisely and comprehensively, the fullest statement possible with regard to production in the United States and with regard to the needs of Britain with respect to munitions and supplies. I do not know when I have spent an evening which was more useful in connection with the work that I was doing, and it gave me an idea of how we could integrate our production with that of the United States and our needs with the needs of Britain. I kept that information for my

friend the Minister of Munitions and Supply when he came. I need not say more than this, that Mr. Purvis, notwithstanding the hon. member's opinion of him, just before he left England received a full recognition from the British government by being made a right honourable member of His Majesty's Privy Council—

Mr. POULIOT: I rose to a question of privilege, Mr. Speaker.

Mr. RALSTON: —and that was done, as I understand it, because under a resolution of this house it was not thought desirable to offer him an honour of a different description. That honour was done him in tribute to the work which he had accomplished for the cause of Britain and for those who are associated with her in this war. I do not think that anyone stands higher in the opinion of the British government, or indeed of the people of Canada, than Mr. Purvis for the work he has done and is still carrying on.

Mr. POULIOT: Not in mine.

Mr. RALSTON: I understand that this is—

Mr. POULIOT: I rose to a question of privilege.

Mr. RALSTON: I understand that this is an instance in which one can speak of other things than the immediate matter under discussion. This morning two questions were asked when I was not here, and I might be permitted to reply to them now.

One question was asked by the hon. member for Rosetown-Biggar (Mr. Coldwell) with regard to recruiting. Let me give to the house the figures I received this morning. Up to date 32 per cent of the number required have been recruited and actually attested. The total is 10,344, and that does not include those that enlisted prior to the actual date on which I made a public appeal for recruits.

Mr. HOMUTH: When the minister says, attested, does that mean those who passed A-1?

Mr. RALSTON: Yes. That does not include a large number—I will not give it—who had been enlisted on account of the quota, which is one of those provided for in the 32,000 for whom I called. I still believe, and I have spoken to the hon. member about it, that it is not in the public interest, nor would any good purpose be served by doing so at the present time, to publish the figures for each particular district. As I intimated to the house the other day, however, the figures are going to all districts so that they know exactly what their standing is. I find on examination that in some districts the local committees are just getting underway now. I attended a meeting which one of the members was good enough to call the other night in one particular district where they were making plans less than a week ago. Yesterday was the biggest day we have had in recruiting since the call was made, and I am advised that the momentum is increasing. That is as regards recruiting.

The other question was asked by the hon. member for Broadview (Mr. Church) with reference to transportation of soldiers. I intended to make a statement in this regard on my estimates, but since the question was asked I would request the house to listen to the statement now.

A request was made in this house some time ago when the war appropriation bill was discussed that consideration be given to some amelioration of conditions in connection with fares charged soldiers, particularly on embarkation leave. That is what was referred to especially, although the request in some instances went so far as to include free transportation for soldiers on all leave. As an alternative to that there was a discussion with regard to the possibility of giving free transportation for a limited distance; that is to say, giving a zone rate or free transportation within a certain area so as to cut down expenses for those who have to travel long distances. There was a third suggestion which I promised to take up, and that was consultation with the railways to see if some substantial reduction could not be made in fares for soldiers, at least for embarkation leave, and possibly annual leave as well. I stated then, and I think I am correct, that the only occasion on which free transportation was granted in the last war was when troops were proceeding on harvest leave, and that was granted only in 1915 and 1916, and affected only the first three hundred miles.

I said at the time that the pay and allowances of soldiers was larger in this war than in the last, that the value of the dollar was greater in this war than in the last, and that these circumstances had to be taken into consideration in connection with the question of transportation. I undertook to consult the railways, however, and we have consulted them. All three ministers representing the defence services have been in consultation with the railway executives with the result that, I believe, an arrangement has been arrived at which the house will regard as meeting the situation.

There has been a misapprehension with regard to the present rates which men pay

when going on leave. The public in travelling on the railways get a return fare not for a single fare, not for fare and a half, but for double fare less 10 per cent. Under the present rates the soldiers get a return fare for a single fare. The popular conception is that the return fare is based on three cents a mile one way or one and a half cents a mile both ways, a soldier paying one fare to make the trip there and back. That assumption is not correct. The railway fares are based on competitive rates, and there are many instances in which the fare is not three cents a mile one way or one and a half cents return. Moreover, the soldier can take advantage of excursion rates the same as anyone else.

Let me give a sample or two of the mileage rates in force at the present time available to soldiers. From Halifax to Vancouver the rate is not one and a half cents; as I have said, the soldier would get a trip to Vancouver for a single fare. That does not amount to one and a half cents but to 1·03. From Montreal to Vancouver it is 1·03 and from Debert to Montreal 1·06 a mile. Debert to Winnipeg is 1·1 a mile; Sussex to Quebec, 1·03; Sussex to Toronto, 1·10; Montreal to Winnipeg, 1·18; Borden to Winnipeg, 1·05. The only case I see on this partial list in which the full one and a half cents is payable is from Borden to Montreal.

These are some examples to show the rates paid by the soldier for railway fares at the present time. I have here table after table showing what the rates are from almost any point to any other point. But I think I can say that the average charge to soldiers under the present arrangements is not more than one and a quarter cents for the whole mileage there and back, or two and a half cents for the one-way mileage.

In the discussion with the railways we had particularly in mind the matter of embarkation leave, but we felt we should take up annual leave as well. We had a consultation with the railways by the ministers of the three service departments and their officers, and this is the arrangement which has been arrived at, which will give a very substantial benefit to sailors, soldiers and airmen. As I have said, the rates average about one and a quarter cents; some are below one cent. Speaking generally the effect of the arrangement which has been made is that in respect of annual leave and embarkation leave the soldier will pay only one-third of that low rate; the remaining two-thirds will be contributed equally by the government and the railway. That is the general arrangement. The railways are knocking off one-third, the government pays one-third and the soldier pays one-third, which means that in the case of a fare of 1·03 cents a mile the soldier pays about a third of a cent a mile.

Mr. NEILL: When will that come into effect?

Mr. RALSTON: It will come into effect at once. The administrative arrangements are being made now.

Mr. ROSS (St. Paul's): Will the men of the forces have the advantage of reduced fares for sleeping berths?

Mr. RALSTON: No change has been made in connection with that matter. I could give the hon. gentleman a schedule of that, comparing the three services; it is a very long and complicated subject, depending on size of party, length of trip, and the ranks concerned.

May I read this memorandum with respect to the arrangement which has been reached. As a result of the discussion the terms of the proposal are as follows:

1. Personnel of army, navy and air services proceeding on embarkation leave will be granted transportation at one-third of the existing reduced rates which are, round trip at the price of single fare.

2. If embarkation does not occur within six months of the date of enlistment, personnel entitled to ordinary leave or furlough in accordance with the regulations of the three services will be granted the same reduced fare concession, that is, one-third of existing rates, when proceeding on such ordinary leave or furlough, provided that when embarkation leave is eventually granted to such personnel they will be entitled to such one-third fare for such leave, if the date of such embarkation leave is not less than six months after the date of such ordinary leave or furlough.

3. Such one-third fare will apply in all other cases of ordinary leave or furlough where the date of such leave is not less than one year after the next previous embarkation leave or ordinary leave or furlough in respect of which such one-third fare has been granted.

4. The one-third fare concession will not be available under any conditions to personnel having less than six months service except for embarkation leave.

If it should happen that a man is going overseas within even less than six months after enlistment he gets his embarkation leave on the one-third fare.

5. Personnel granted leave or furlough under any other conditions will continue to pay existing mileage rates.

6. The one-third fare will apply only from the location of a man's unit, ship or establishment, to his bona fide home as defined in the regulations of his own service.

I put this on record so that hon. gentlemen may see it. I think it represents a very substantial and I hope acceptable concession to our sailors, soldiers and airmen in connection with transportation fares on leave.

Mr. POULIOT: On a question of privilege, Mr. Speaker, I ask the hon. leader of the opposition (Mr. Hanson) to withdraw the word "savage" that he applied to me.

Mr. SPEAKER: I have had this under consideration. Under standing order 41 there are a number of words which have been held to be words which should not be used in debates in the house. It is true that among these words listed in paragraph 298 both in connection with this house and the British house, the word "savage" does not appear. It is perhaps of a milder type than some of those which do appear, yet this list has some similarity to the word used. I think the word should not have been used and I am quite sure that the hon. leader of the opposition will withdraw it.

Mr. HANSON (York-Sunbury): Mr. Speaker, I did not say that the hon. gentleman was a savage. That is an adjective which I used to describe his attack on a certain gentleman outside this house. If it was not strong enough I will substitute something else for it. If it was too strong and Your Honour says I should withdraw, I bow to Your Honour's judgment. I am not yet conscious of having been guilty of any violation of the rules of the house.

Hon. C. D. HOWE (Minister of Munitions and Supply): In rising to answer the questions asked by the hon. member for Rosetown-Biggar (Mr. Coldwell) this morning, perhaps I should make one or two remarks about the speech of the hon. member for Témiscouata (Mr. Pouliot). The hon. member has taken it upon himself to raise the bogy of railway amalgamation. Just why he found it necessary to mention my name in that connection and to slander a few of the officers in my department, I cannot imagine.

I occupied the positions of Minister of Railways and Minister of Transport for more than five years. I think there is nothing in my record in that office that would indicate that I had then or have had since any sinister plot for amalgamating the Canadian Pacific Railway with the Canadian National Railways, or for paying out the shareholders of the Canadian Pacific Railway from Canadian funds.

When I entered the government in 1935 I had certain business interests in this country. In order to qualify for the position I accepted, I disposed of all those business interests finally and irrevocably. Since 1935 I have had no business interests whatever in this country other than the job I have occupied as a member of the government.

My trip to England was for the purpose of carrying out certain business of the Department of Munitions and Supply. My hon. friend placed a sinister interpretation on a newspaper article which stated that I went to England for a personal reason. I do not mind telling the house what that personal reason was. It had to do with the timing of my departure on the trip. I timed my departure as I did in order to spend Christmas with my oldest boy who was graduating from Naval College.

I did not meet Mr. Purvis in London. He had been there and had departed before I arrived. The fact that he had been in London had nothing to do with my trip to London. While in London I discussed the affairs of the Canadian Pacific Railway with no one whatever. The discussions I had there had nothing to do with any matter of finance pertaining to Canada. I particularly resent the slander against Mr. Purvis. Mr. Purvis, at the beginning of this war, at the request of the British government severed all connection with his business interests in Canada, retired from the presidency of the company for which he had been responsible prior to the war, went to Washington and has, I think, devoted all his working hours to the interest of the government of Great Britain. I know of no one who has had a more profound effect on the defence of Great Britain, as it is carried on in the United States, than has Mr. Arthur Purvis, and I very much regret that any hon. member of the House of Commons would gratuitously use his name as it has been used to-day. I also resent the fact that men who give their time and their service to my department should be subjected to slander in this house.

I do not know what the hon. member for Témiscouata has given up in order to serve in this war effort, but I do know something of what the men he has mentioned here have given up in order to give their time to the work of my department.

The suggestion has been made that there is something sinister in the department, and that I have bargained with the chairman of the committee on war expenditures to leave the affairs of my department alone. I may say that if anyone has a suggestion as to anything sinister in my department, the doors of the department are open for any proper investigation; but until something of a sinister nature is brought to light, I very much resent the implication that something sinister actually exists.

After all, it is part of my job to build up across Canada the thought that munitions of war are being bought honestly, efficiently and at reasonable prices. I doubt very much if any man is doing a patriotic duty who, with-

out any foundation in fact or any foundation whatever upon which to base his statement, spreads the story across Canada that the buying of war munitions and the war business generally of this government are not being conducted honestly and efficiently. I make that suggestion to all hon. members in the house.

If there is reasonable evidence that that is not the situation, then I am prepared to meet any charge in that direction. I suggest, however, that those who depend upon insinuations are not performing any real service in the war effort of Canada. I apologize for having taken the time of the house to make these few remarks. I doubt if they were really called for, but as I have occasion to be on my feet for another purpose, I have taken the opportunity to make them.

This morning the hon. member for Rosetown-Biggar (Mr. Coldwell) asked for a statement as to the position of armament production. I have before me a brief statement which was prepared for another purpose, but which perhaps will place before hon. members the information desired, and I shall proceed to place it on *Hansard*. This summary was written for the purpose of comparing the position of Canada one year ago with the position of Canada to-day with respect to the production of armaments.

One year ago armament orders in Canada totalled less than $60,000,000. War production consisted merely of a few types of shells, together with a modest output of small arms ammunition. During the past twelve months we have built up a gigantic armament industry in Canada. Over $400,000,000 has been spent in constructing crown properties for the manufacture of shells, guns, tanks, automotive equipment, bombs and machine tools. Total war orders placed in Canada to date exceed $1,700,000,000.

To-day we are turning out Bren machine guns in great quantities; trench mortars are being turned out by a plant in one of the smaller manufacturing cities of Quebec; two types of anti-aircraft gun barrels are in substantial production, and both types of complete anti-aircraft guns will be in production by September; 500-pound aerial bombs are being manufactured and filled in our own shell-filling plant; naval anti-aircraft gun mountings, highly intricate pieces of equipment involving the manufacture of 2,000 separate parts, are in production. To-day I can tell the house that Canada has already produced her first 25-pounder artillery gun, and this gun has passed all its firing tests. Before this month is out, these guns and carriages will be produced in considerable numbers. I can also announce for the first time that in another plant our production of 2-pounder guns has been commenced, and that the first consignment of these guns is being shipped overseas. This month has also witnessed the initial production of depth charges and mines.

A week or two ago Canada produced her first infantry tank, and this production is rapidly stepping up to considerable volume. Before the month is over, we shall have produced our first Canadian-made cruiser tank. It may be of interest to mention here that whereas the United States, Great Britain and Canada united to produce each its own version of a common type cruiser tank, Great Britain has already adopted the Canadian version, and the United States has asked for a sample Canadian tank for test purposes, with the likelihood that United States will also adopt the Canadian design.

Canada is now producing small arms ammunition at the rate of many hundreds of million rounds annually. We are also producing ten different calibres of shell, at the rate of millions of rounds a year. We are also producing the explosives required to fill these shells, together with cartridge cases, primers, fuses and all the shell components. Hon. members will appreciate the magnitude of the job when I state that each month we produce about 25,000,000 individual parts of shells. These shells are being produced in Canadian plants.

A new government plant has recently poured the first optical glass ever produced in Canada, and is in substantial production on optical and other instruments, and on secret radio devices. We are also manufacturing anti-submarine nets and equipment and mine-sweeping gear. By September we shall be in substantial production in practically every type of gun used in this war, from rifles to the largest type of anti-aircraft guns.

A year ago Canadian orders had been placed for some 9,000 automotive war vehicles, of which less than one-third had been delivered. To-day we have already delivered over 120,000 vehicles, and still have on order another 80,000 vehicles. The automotive industry is also delivering universal carriers in substantial quantity.

A year ago Canada had a small production of explosives from existing plants, and one major explosives plant was under construction. To-day nineteen plants are either in operation or nearing completion, involving a programme of $110,000,000. Ten of the nineteen plants are already in operation, and in another month the entire programme will have been practically completed. To give hon. members an idea of the physical size of this programme,

I may say that several of our major plants each occupy an area of from one to two square miles. Our output of military explosives for this year will exceed the entire output of Canada during the period of the last great war.

A year ago our aircraft industry was turning out about two aircraft a week. To-day the industry is producing more than forty planes a week, of which about twenty are fighting craft, and the remainder, training planes. The industry is also servicing aeroplanes and engines used in the air training schools, which is in itself no small project.

A year ago Canada had converted a few smaller vessels to naval use, and ship contracts had been placed to the extent of about $50,000,000. To-day, of eighty corvettes on order, fifty-nine have been launched. Of the sixty mine-sweepers on order, twenty-four have been launched. Three merchant vessels have been converted into auxiliary cruisers, and twenty-seven other boats have been converted to naval needs. In addition, we are building twenty-four patrol vessels and twelve mine-sweepers of a special type. Work is under way on a cargo vessel programme, involving an expenditure of over $200,000,000. We have also in progress a substantial small boat programme. Seventeen major shipyards and forty-five smaller shipyards are occupied on this programme. The major shipyards are being substantially enlarged to accommodate the cargo vessel programme.

Our industrial expansion and other war activities have involved a very large building programme. My department has placed construction contracts involving an expenditure of over $120 million for the erection of some 3,000 buildings. More than 100 aerodromes have been constructed.

We Canadians are accustomed to think of Canadian industry as being on a small scale compared with those of Britain and the United States. We need have no inferiority complex in the matter of armament plants. To illustrate, we have in Canada the largest factory in the world producing machine guns. We have the largest plant in the English-speaking countries producing field artillery, and this is the only plant anywhere manufacturing field artillery from scrap iron to the finished product. One of our government arsenals has the highest output of small arms ammunition in the English-speaking countries. Our chemical and explosives plants are among the largest to be found anywhere. Our war production has been organized on a vast scale, but we have not overlooked the small shop. Our "bits and pieces" programme has brought work not only to the small commercial machine-shops, but to machine-shops built for the private use of newsprint, mining and other domestic industries. We are constantly in search of new productive capacity, and if any has been overlooked, my officers would like to be advised of it.

To sum up the situation, I think we can be reasonably satisfied with our armament programme. Generally speaking, the plants have come into production as anticipated. I had thought that we would reach our production peak this summer, but as the months have gone by we have been called upon to assume additional responsibilities for new types of armaments. So far as we can see now, we shall still have an expanding programme running into the spring months of next year. I may say, however, that to-day production is up to any anticipation that I have ever had, taking the programme as a whole, and I believe that Canadian industry is capable of still further expansion. Steps are being taken to bring our output up to the new maximum that we can now visualize.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I had not intended to say anything on the motion to go into supply, but since the ministers have been good enough to make statements regarding the questions I propounded this morning, I shall take this opportunity to bring to the attention of the government some of the reasons why those questions were asked. They were not asked to provoke the kind of statements that we have received. I did not intend to ask questions in a manner which would merely invite an answer to the query regarding recruiting, or invite the kind of statement which the Minister of Munitions and Supply (Mr. Howe) has just made. As a matter of fact, I think we have had too many of these statements. Statements of this type have not given to the house, and to the country through hon. members, the kind of information the country is seeking. What prompted my questions this morning was the fact that across Canada there is growing a feeling that all is not well with our own war effort. People read the newspapers, and they see the frank confessions of failure, if you will, that are made from time to time in the British House of Commons by Mr. Churchill and his colleagues. Then they pick up our own papers and read that all is going well with our own war effort. In my opinion public confidence in the government and in this house is being undermined. We are running the risk of losing that very essential thing needed to win the war—and we are going to win it—known as morale. The purpose of my questions this morning was to get a complete statement of our war

effort in such terms, if they could be given publicly, as would give our people a more exact understanding of Canada's effort and vital needs than they now have.

From time to time there come to me, and I am sure there come also to other hon. members, opinions as to why men are not joining the army in larger numbers or why production lags. I believe a different type of educational campaign should be used across Canada in order to keep our young men and workers filled with that idealism which is necessary to carry on a struggle of this description. That is not being given to them. In Great Britain the morale of the people has been built up; they have been convinced that this war is a struggle for something worth while, that they will not return again to the pre-war conditions of unemployment, of want, of riding the rods as we say in this country. In my opinion these things have not been stated with sufficient definiteness to imbue our own people with a similar challenge. We are remote from the bombed areas of Great Britain, and that may have something to do with the present feeling that exists across the country.

Young men who attempted to join the army in the early days of the war were told that their services were not wanted. That confirmed the opinion that there was no immediate need for the recruiting of men. Those of us who believed that Canada's part in this war ought to be the providing of munitions, supplies and other aid without profit to this land, hoped that the government would organize this country so that we would be able to plan on the basis of a maximum output of those supplies, so that we would be able to give the people an idea of what was actually required in the way of equipment and manpower. To-day many people know that the men who have been enlisted have not been equipped in a manner which would lead us to believe that we have sufficient equipment for all the men whom we have placed under arms. This interferes with recruiting.

Some men were recruited and, after being in the army for some months, were returned to civilian life on account of some physical disability. Many found themselves again in the bread-line; others found that the job they had relinquished in order to join the army had been filled by somebody else. This condition will be partly remedied by the legislation which the Minister of Labour (Mr. McLarty) announced this morning.

Then we read in the paper or hear over the air the statement that the first heavy tank has come off the assembly line. People are asking how many more tanks are coming off the assembly line, because there is a belief, well based or otherwise, that the production of the tank was a special effort and that we are not turning out the equipment which we ought to be turning out for our men. In fact, it is said that the tank did not come off the assembly line at all; that it was made specially for the occasion. That has been widely said across the country.

What I wanted to-day was not a general statement such as the minister has made that "production has come up to our expectations," but to ask that, either in a closed session of this house or otherwise, we should be given specific information with regard to our production of war equipment. I believe this is the only parliament within the British commonwealth which has not had a closed session in order that the government might inform the representatives of the people as to exactly what is going on. I know there is to be one in New Zealand to-morrow. That was announced over the air from Great Britain at noon to-day. I think I express the feeling which is held by many hon. members, and, I know, by the members of our own group because we have discussed it, that we as members of this house know no more of the actual position with regard to the war and our war effort than does the ordinary man in the street who reads newspaper and magazine articles regarding it. In fact, as we have not the time to read them, perhaps we know even less than the man in the street who reads these articles. Frankly I am disappointed that no arrangements have been made for a comprehensive survey of the present war position both overseas and in this country, and that this house has not been taken into the fullest confidence of the government in relation to the supply of equipment and the necessities in the way of supplies for the next few months.

We are facing, as we all know, probably the most dangerous period that our commonwealth of nations has ever faced, and yet we in this parliament of Canada have not been informed of the situation as it exists across the ocean and as it exists in our own country, or to what extent it is expected that we shall be able to provide the maximum aid possible in our war effort during the next three to six months.

The purpose of my question was not mere curiosity. I did not particularly wish to know where recruiting was slack. I asked my question in that form so that we as members might be given a comprehensive view of what was going on all across the country. Nor did I ask about production out of mere idle

[Mr. Coldwell.]

curiosity, but because I am convinced that the country feels that all is not well with our war effort and that this house should be informed so that our members may be in a position, when they go back to their constituencies, to render the greatest possible service in this dominion by assisting to maintain the morale of our Canadian people.

I said a few minutes ago to the Minister of National Defence (Mr. Ralston) that in my opinion the morale of this country was not as good as it ought to be, and I am firmly convinced that one of the reasons for that is that we have not been put in a position to place before the people of Canada our war effort in the terms which they had expected.

Having said that much about the material side, let me repeat my opinion that we have not maintained the morale of our people to the fullest extent. If I may again refer to Britain, where some of us still have friends and relatives who write to us, again and again they tell us that when the war is over, a new and better England, or Britain in the larger term, will be born. The people of England are thoroughly convinced of that, and for that they are prepared to sacrifice and to fight. But we in this house have not given our Canadian people the same assurance. I said a few days ago, and I repeat, that I should like to see this House of Commons pledge itself unanimously and solemnly declare that when this war is over, every power that lies within this parliament—and all power finally rests within this parliament—will be used to ensure that every Canadian shall have the right to a job, and if he is sick or cannot find a job, shall have the right to an adequate and decent living. If we made that simple pledge in this parliament, our people would understand better what we hope for when this war is won.

Mr. HANSELL: But instead they are preparing the people for a depression.

Mr. COLDWELL: As my hon. friend says, the people are constantly being told that when this war ends there will be a great depression; in fact, some of our advertising for war savings certificates has been of that very nature—"Save now in order that you may protect yourself when the war is over." That kind of thing is not good for the morale of our people.

I had hoped that we should have been given a full statement regarding our war effort, that we might know the exact situation regarding the number of tanks that are being turned out; the number of anti-aircraft guns that there are in this country and the number that are being made in this country; the number of aeroplanes that are actually being completed in this country; how many fighter planes, how many bomber planes, and so forth; and the number of every other type of war equipment that is being produced in this country. If we cannot be given that information in an open session, I think we might be given such information in a closed session of this house.

Mr. RALSTON: I think my hon. friend is missing some information. Some of the information he has asked for has been given. The matter of tanks was dealt with in the MacMillan report, and the minister of munitions has stated to-day what the production of armaments is. My hon. friend also mentioned aeroplanes. In the statement that was read by my colleague it was set out that twenty service planes and twenty training planes were being made a week.

Mr. COLDWELL: Yes, I know.

Mr. RALSTON: And those were two of the items my hon. friend mentioned.

Mr. COLDWELL: I mentioned both those items, yes, but there is still a feeling in the country that the production of essential equipment ought to have been speeded up in view of the lack of it overseas at the present time. As a matter of fact, in the House of Commons in Great Britain yesterday the Right Hon. Winston Churchill appealed for greater production of equipment. He pointed out that the loss of Crete was due to the fact that we could not cover our operations there because we lacked planes and were insufficiently supplied with tanks. We may be living up to estimates which were made several months ago; we may be maintaining our schedule, but it seems to me that every effort should be made to produce in advance of that schedule. I mentioned particularly the matter of tanks because, as I have said, there is a belief, which I think is well-founded, that we are not producing heavy tanks, as many people suppose, "from the assembly line." Perhaps the Minister of Munitions and Supply can clear that up.

Mr. HOWE: Yes. There seems to be a popular misconception of what is meant by "assembly line" as applied to tanks. The impression appears to be that there is a belt running down a huge factory, with parts feeding in and tanks coming off it every two minutes. Tanks cannot be built on that kind of equipment. They are tremendous affairs; I believe that each tank contains something like 2,800 separate parts. Those parts flow in from a considerable number of factories to a central assembly plant, where they are put together. Perhaps they will be placed in a line to be assembled, but certainly they

will be assembled one at a time. There is nothing of the nature of the automobile assembly line. We fully expect to turn out three tanks a day, but my hon. friend will at once realize that the process is not that of a travelling belt or anything of that sort.

The victory of getting the first tank together is that we know that the parts are complete, that they fit, and that all adjustments have been made. That is the significance of the assembling of the first tank. The others will follow more rapidly, because we can proceed with more confidence. I may add that we expect to have by the end of this month eight of that particular type of tank out of the Angus shops, and during next month we should be up to our full production.

Mr. COLDWELL: That is just the kind of information which I think the house should be receiving.

Mr. HOWE: There are so many types of production that it is hard to cover them all. If hon. members have specific questions, I shall be glad to answer them if I can.

Mr. COLDWELL: I have not seen these tanks in production. I confess, having seen belt lines in the making of other vehicles, my mental picture was exactly what the minister says it should not be: in other words, that of an assembly line. The purpose of my question this morning was to ascertain the difficulties which the government is facing in order that we may explain those difficulties to the people and assist the government in every way to maintain morale, interest and enthusiasm for what, after all, is a just cause. That, I fear, is what has not been done this session. For example, I am sure that the debate we had yesterday does not assist in that regard at all. It was a discussion of the war effort from an angle which is not informative, and may, indeed, be defeatist in its effect upon our people. I urge the government, even after these two statements have been made, to take the house, through the Prime Minister, into its confidence regarding the progress of the war, and have the ministers supplement, before we leave, what they have already told us with more specific and detailed information than we have had up to the present time.

Mr. C. E. JOHNSTON (Bow River): Before this question is finally dropped, I wish to say a word or two. It is certainly true that we are facing a very serious crisis, and I do not believe there was ever a time in the history of the British empire when the assistance of every one was more urgently needed. One of the greatest dangers is that the people will be lulled into a false sense of security.

As the hon. member who has just resumed his seat has observed, we are giving the impression that we are doing everything humanly possible to produce all sorts of munitions and supplies, limited only by the full capacity of our ability. Personally I do not believe that impression is correct, and none of us should leave a stone unturned if it will aid in the increase of our preparations.

There is a possibility, as the hon. member for Rosetown-Biggar (Mr. Coldwell) suggested, that some of us have a wrong impression about these tanks. I have never visited a plant which makes tanks; but when I heard the expression in the house that they were "coming off the assembly line", I connected it with the experience I have had of visiting automobile manufacturing plants where cars are assembled by a process which is so described. I believe that is the general conception of the term, and with that impression in mind, people build up confidence with such statements as this, "Well now, we are just pouring these tanks off, and certainly we are doing a wonderful job."

Mr. HOWE: May I interrupt a moment? I do not think I ever used the expression "coming off the assembly line". I have seen it in the press, and the hon. member for Parkdale (Mr. Bruce) used the expression this morning in asking a question. But I never referred to tanks "coming off the assembly line".

Mr. JOHNSTON (Bow River): That is what the papers have said.

Mr. HOWE: No doubt.

Mr. JOHNSTON (Bow River): It was not my intention to accuse the minister of doing so. What I am pointing out is the danger of our people being lulled into a false sense of security. I believe that such a state of mind constitutes one of the dangers we are facing, one of the reasons why we have to go out so strongly for the war loan, and to appeal so much for recruits. When one goes to the movies and sees pictures of machine-shops with everybody working at full capacity, one can understand how people get the impression that that is typical of the way in which our production is proceeding. They become overconfident, and say among themselves, "Just let Hitler come over here, and we will show him we are prepared."

Mr. RALSTON: Will my hon. friend allow me to interrupt him? If he will read what I said in this house on March 31 last, he will not find any justification for an attitude of that kind. I have looked up to-day the report I made to the house in connection with equipment, and I am sure it is far from lulling

anybody to sleep. I indicated that there were serious shortages in equipment, and I related how we were trying to improvise in the meantime. My hon. friend has missed that; perhaps it is so long ago.

Mr. JOHNSTON (Bow River): I may have missed the minister's statement to-day, but I remember what he said on that particular occasion and used his very words when I was speaking to the public. Therefore I have not overlooked that phase of the matter.

Mr. RALSTON: The hon. member used which "very words"?

Mr. JOHNSTON (Bow River): The minister's words with regard to lack of equipment and supply. I think he used the expression that the time would come when we would need more.

Mr. RALSTON: Yes.

Mr. JOHNSTON (Bow River): I am just speaking from memory; but when the Minister of Munitions and Supply (Mr. Howe) made the statement just now that everything was up to expectation, or at least was as much as he expected, I must confess that it is not as good as I expected. I also visited some of the camps, and I was not satisfied.

Mr. KIRK: Was the hon. member in a position to judge?

Mr. JOHNSTON (Bow River): I was there. Were you?

Mr. KIRK: Yes.

Mr. JOHNSTON (Bow River): I can name some of the things with which I do not believe the hon. member will be satisfied.

Mr. KIRK: The question is, are we in a position to judge?

Mr. SPEAKER: Order.

Mr. JOHNSTON (Bow River): I am not going to bring up these matters, but I have them vividly in mind. So long as we lack equipment and the materials for that equipment, everything humanly possible should be done. I shall never be satisfied so long as there is in this country a plant not working twenty-four hours a day that should be working, and so long as there is an able-bodied man not working who should be working. Only then shall we have reached our maximum capacity.

Let me discuss for a moment a question I mentioned to the Minister of Munitions and Supply some time ago. I refer to the return for which I asked, which was passed, with reference to the Dominion Bridge company and its connection with the rolling mill in Calgary. For some time past, ever since the national war services department was started, there has been a great drive to get scrap iron in the prairies for use in the manufacture of munitions and supplies of various kinds, and this question of the Calgary rolling mill was brought to the attention of the government many months ago. I could not understand why that mill was not opened. There were all sorts of excuses. It was said that the plant had been there for a number of years and that it was not economically sound to open it, and other reasons were given. That is what led me to ask for the return. I was positive; in fact, I had been informed on good authority, that the matter had been drawn to the attention of the government by the company itself. When I received the return there was only one letter. The minister has promised to look into the matter further. I would have waited for a more complete file, but I did not know when I should have an opportunity to discuss the subject apart from this.

I wish to direct the attention of the house to certain parts of this letter. I shall not read the whole letter because hon. members can see it for themselves. The letter was written to the government on April 14, 1941, and so far as I know, it has not been answered. I say that because this is supposed to be a complete file.

An hon. MEMBER: Who is the writer?

Mr. JOHNSTON (Bow River): The manager of the Pacific division of the Dominion Bridge company, Mr. A. S. Gentles. I quote:

> We understand that your committee is investigating the possibility of the establishment of a bar mill on the coast to utilize available scrap-steel, and are considering suggestions to this end.

I did not know that the house was considering any suggestions to establish a bar mill on the coast.

Mr. HOWE: To whom is the letter addressed?

Mr. JOHNSTON (Bow River): To. L. W. Killam, British Columbia committee on war production, Vancouver. This communication was tabled as part of the correspondence between the dominion government and the company. It is dated April 14. The first intimation that the company had was that an arrangement had been made for the establishment of a bar mill at Vancouver. They say:

> Our company, through a subsidiary, has for a number of years successfully operated a bar mill at Selkirk, Manitoba, converting scrap and pig iron using open hearth furnaces. We also have at Calgary a similar type rolling mill which, due to economic conditions, we have not operated for some time—

This is the important part.

> —and which is available for immediate production at that point.

Here we are in this house declaring that we need these materials now. We started a campaign to get scrap iron, advocating that members go out and assist the organization in getting scrap iron from all the provinces for conversion into steel so that we might have immediate production. It was very urgent, the Minister of National War Services told us. If he told us that, he must have been right; I would not contradict him. But let us take his statement in conjunction with what the company says. Speaking of this mill at Calgary, the writer of the letter says, as I have quoted:

. . . and which is available for immediate production at that point.

There is no mistaking that. We could have used that scrap from the prairie provinces at the Calgary mill immediately. The whole thing was well established. The writer goes on:

In 1933, we fully investigated the economics of moving our Calgary mill to Vancouver. It is adaptable either to open hearth or electric furnace operation.

There was no difficulty in either of these because we have the electrical power at Calgary, and we also have open hearth appliances. But the government did not take advantage of that. If we needed steel we should certainly have started immediately; if we did not need steel, then the Minister of National War Services was deceiving the country. I cannot see any way out of it, and I believe the minister was quite sincere, because as the results have shown, there is an abundance of this scrap iron at Calgary. But the Minister of Munitions and Supply was going to allow this company to move their plant from Calgary to Vancouver. I do not know whether that is still the intention or not; the Minister of Munitions and Supply could answer that question. I hope he has changed his mind in that regard. Let me quote further from the letter:

Owing to the temporary conditions created by the war and as a war measure, our company, subject to ratification by our directors, is prepared at our expense to move rolling mill equipment from Calgary to the coast, set up and operate a steel mill at or near Vancouver on the following basis.

I understood the minister to say the other day that no cost to the government would be involved. Let us see the conditions under which the mill was to be set up at the coast. First:

That the government policy in regard to scrap be such as to assure a continuous supply of steel scrap on the coast of from 30,000 to 40,000 tons per year.

They had to guarantee that, and my information is that they can do it. About 50,000 tons of steel are already at Calgary, and I believe the estimated amount that could be collected was over 200,000 tons. There is no reason why that mill should not be operating to-day at Calgary.

The second condition was:

That the government permit the complete write-off of the new capital invested against the mill profits or the consolidated profits of our company, within a period of not more than three years, preferably two years.

The Minister of Munitions and Supply told us there was no charge to the government; true, there was no capital outlay.

Mr. HOWE: To keep the record clear, may I point out that the letter was not addressed to myself. It was addressed to a gentleman on the Pacific coast who had a temporary assignment to act as chairman of a committee to recommend sources of production in British Columbia. I said that the government had made no commitment, and the government has made none. If the company want a write-off, there is the war-time depreciation board to which they must make application. It does not come under my department. If the company has war contracts, it is entitled to go to the board and get consideration. So far, however, as my department is concerned, we have no commitments to the Dominion Bridge company in connection with the Calgary rolling mill. It is the property of the Dominion Bridge company; no other concern in Canada has larger war contracts than the Dominion Bridge company, and if they could use this steel I assume they would. If they wish to move the mill to Vancouver, it is their business. So far as I know, that mill is no good to me in the making of munitions in this country. If anyone else can find a use for it, I shall not intervene in one way or another.

Mr. JOHNSTON (Bow River): The minister speaks of it as being a business proposition and no concern of his department; but if this country needs steel, it is this government's business.

Mr. HOWE: We do not need that particular steel.

Mr. JOHNSTON (Bow River): If we do not need the steel, why are we fooling with this national war services scrap campaign? If we do not need the steel, it is time the people knew it, instead of asking the farmers to bring in scrap iron which is of no use and only making a profit for the railways and the junk dealers. I am glad that the minister said that, because I am not going to ask the farmers in my constituency to bring in scrap if we do not need it. I think the point is

well put by the minister, and I am not going to say any more about it because I understand now that we do not need the steel.

Mr. HOWE: I said, we do not need that steel.

Mr. JOHNSTON (Bow River): I understand now that the minister means that we do not need this scrap iron which it is the purpose of the salvage campaign to gather because we do not need the steel which would be produced from that scrap iron.

Mr. HOWE: I said nothing of the kind. I said that we did not need that steel. I have already spent much time and had many interviews regarding that steel mill at Calgary, which is in the position of a good many other steel mills in this country; it is not a modern piece of equipment. If anyone can operate it at a profit, there it is; they are quite welcome to it. I know of no one better able to operate it at a profit than the Dominion Bridge company, because they are the users of the finished product. There it is. As I say, it is not a modern mill; I have no particular interest in it as Minister of Munitions and Supply. If I needed a mill, I would want a modern mill that could use power efficiently and turn out material efficiently.

Mr. JOHNSTON (Bow River): That may be true, but this company says that it is immediately available for production.

Mr. MAYHEW: As a member of that committee I think I could answer some of the hon. member's questions.

Mr. JOHNSTON (Bow River): I think the minister is better qualified to answer. Then, if the hon. member wishes to add anything afterwards, it is within his right. I take this attitude. The minister says that so far as his department is concerned, they do not need the steel which would be made from that scrap iron. Then I can justly say to myself that the salvage campaign is just a bunch of rot; that is all it is; it is just deceiving the people, and I do not intend to be a party to it. There is not a thing that I will not do to help win this war, but I certainly am not going out to ask our people to give this scrap iron if it is not necessary. If we do not need that steel, then I am through so far as that part is concerned.

Mr. MAYHEW: So many references have been made to the rolling mill at Calgary that I should like to say a few words. To my understanding, the rolling mill where it is located is not of value because there is no place to use the output of that particular type of mill.

Mr. JOHNSTON (Bow River): The company says something different.

Mr. MAYHEW: As the minister says, it is not a rolling mill of such type as I am sure is in the mind of the hon. member, a mill to roll sheets of any size. It is a small mill to roll bars and small angles. In British Columbia they have a very large programme of shipbuilding, and this mill will make the rivets for those ships. Each boat requires large numbers; the total is, I think, some 15,000 tons a year. They have also a nail plant in Vancouver, and it will make the wire for the nail plant. It will also make steel for reinforcement and small wares of that kind.

I happen to know Calgary and Alberta probably as well as the hon. gentleman. I am probably as loyal to it as he is and would be one of the last to attempt to move any factory from the city of Calgary to any other part of the country. But that piece of equipment has been idle in Calgary for a number of years. In Vancouver it can be put to valuable use at the present time.

Mr. JOHNSTON (Bow River): Where is the scrap coming from?

Mr. MAYHEW: From British Columbia mainly. Some scrap from Alberta may go that way, but I think if hon. members investigate the idea of 200,000 tons of steel—steel, remember, not scrap iron—they will find it is very much exaggerated. I should be surprised if the scrap steel in Alberta amounted to more than 12,000 to 15,000 tons a year.

Mr. JOHNSTON (Bow River): That is different from the information I got the other day from the city of Calgary.

Mr. MAYHEW: Let me go back to the beginning of this. It was the first year I was in this house when the estimates were brought down by the then Minister of National Defence, the present Minister of Pensions and National Health (Mr. Mackenzie). I suggested to him at that time that we put a complete embargo on scrap steel leaving this country, because if the equipment for which he was then asking the government was going to be needed, they would need the steel with which to make the bombs, shells and guns. That was how long ago this started. I have kept at it religiously ever since. When the committee was in Vancouver at the suggestion of the minister to outline a programme, I advocated electrical steel furnaces working twenty-four hours a day to produce approximately 50,000 tons annually. That amount would consume in three years the present

available supply plus the annual accumulation over the three-year period. After that, it would have to go probably on an eight hours a day basis and the scrap steel accumulation in British Columbia, according to the information I have been able to gather from reliable sources, is nearly three times the accumulation of scrap steel in Alberta. We have at the present time in British Columbia a definite use for that steel. It is going to conserve the steel that will be made in eastern Canada, and, as the hon. member knows, steel is essential.

The President of the United States the other day asked the people of that country to increase their steel capacity by ten million tons. They have already increased it since the beginning of the war by about twenty-five million tons. We in Canada have increased our steel production by about 1,500,000 tons, and we are importing very large quantities.

The hon. gentleman now says that the gathering of scrap steel is not necessary. He says that he is not going to ask his people—

Mr. JOHNSTON (Bow River): I did not say that; the minister did.

Mr. MAYHEW: —to gather scrap iron. I say that if he does not do so, he is making a mistake.

Mr. JOHNSTON (Bow River): Why?

Mr. MAYHEW: In the provinces of Alberta, Saskatchewan and Manitoba this is a basic commodity—

Mr. JOHNSTON (Bow River): The minister said that it is not necessary.

Mr. MAYHEW: —and it should be accumulated, and eventually put to use. Anyone who says that it is not necessary to gather scrap iron and scrap steel is missing the point.

Mr. JOHNSTON (Bow River): Page the Minister of Munitions and Supply, then.

Mr. MAYHEW: He asked it for a certain reason.

While I am on my feet I should like to make one or two further observations, because I have kept particularly quiet during this last part of the session.

I believe that the government and the people of Canada have made one mistake in this present war, namely, that they have underestimated entirely the capacity of the Canadian people to produce. A year ago we were saying that we did not have enough uniforms for our soldiers. What have we to-day? We have sufficient plants to supply all our men with uniforms, and to spare. We could double the amount. Two years ago we had thirteen boats; to-day we have over 200 naval boats in operation, all built in Canada. For a time we were turning boats off the ways at the rate of one a day. Would any person in Canada have said that we could have done that?

An hon. MEMBER: Yes.

Mr. MAYHEW: Would any of us have realized that we could turn out 190,000 transport vehicles to be sent all over the country?

Mr. JOHNSTON (Bow River): And we must do better than that.

Mr. MAYHEW: If anyone in this house has listened patiently, then certainly those of us on this side of the house have listened to you. Now you are going to keep your seat and listen for a moment or two to us. I am not objecting to your policy. I am quite prepared to sit and listen—and at times it is pretty tough to do so—but I have the floor now.

It was not estimated that we could build 200 vessels in Canada, plus all the rest of the equipment we have been turning out. Anyone who thinks that Canada is not producing should visit the harbours of Halifax, Saint John and Montreal; there he will see the assembly of goods produced in Canada, goods which are being shipped in enormous quantities.

Mr. GILLIS: To whose credit is that?

Mr. MAYHEW: It is to the credit of the workmen and to the credit of the manufacturers that the programme has been lined up as it is to-day.

Mr. JAQUES: Why was it not done before?

Mr. MAYHEW: We never had occasion to do it before.

Mr. JAQUES: There were a million people on relief.

Mr. SPEAKER: I must ask hon. members to address their questions to the Chair. The hon. member for Victoria, British Columbia, has the floor.

Mr. MAYHEW: In matters of production we have done wonders in Canada. We have underestimated our ability to produce. I am not saying that we are doing all we can do. In what I have said I am not suggesting that we should not have a programme which would be inviting and inspiring to the people of Canada, and one which would challenge them. I say: "Tell us what you want. Tell us the things you think we cannot do, and you will find there is engineering ability and backbone in our people, and resources sufficient to do it." I say, "If you want a bridge across the Atlantic built from boats, then tell us

what type boat you want, and the Canadian people will give it to you." We have a boat-building programme now, and it can be enlarged. Probably it cannot be enlarged in steel, because we are short of steel; but we have plenty of wood on both Atlantic and Pacific coasts, and we can turn out more wooden boats. It is not a case of whether a piece of equipment is the cheapest we can get; it is a case of what we can give to the manufacturer, and what kind of equipment we can put on the ocean to carry our stuff from Canada to England.

I do not care how proud we may be of what we have accomplished; we have lost practically the whole of the last four weeks talking nonsense in this House of Commons, instead of getting down to planning about what we actually can do.

Mr. HANSELL: No, not four weeks—four years.

Mr. MAYHEW: I do not know whether it is four years or not; but we have lost four weeks, anyway.

Mr. HANSELL: Ten years.

Mr. MAYHEW: I can tell you this. In my opinion it was not the budget, or the amount of taxes our people have to pay, or the war loans they have to buy, which scared the people of Canada. There is, however, something quite evident in this chamber that tells us, "You must not do this"—or that we must not do something else. There is something about us that is tightening us up so that we do not know exactly what we are supposed to do.

During the Easter recess I was talking to manufacturers in my home city, and I said this, "Streamline every bit of equipment you have. If your plant is obsolete or obsolescent, renew it and put it into a position where it will give the best service, because you will need it after the war. You need it now, and you will need it after the war." However, I came to Ottawa, and I found that if one wants to streamline his plant he must have a permit to do so. That is not a good thing. I do not think we can win this war or save this country on a stingy programme. We must go ahead. I, for one, am not prepared to sit idly by; I am not prepared to sit idly by. I have piled up round my own plant at the present time over $100,000 worth of equipment. My boy wrote me the other day, saying, "Dad, what do they want us to do? Do they want us to go ahead and develop our plants, make them better so that we can pay more taxes, or do they want us to quit?" That situation must be cleared up. We must decide whether we are going to win this war by stingy methods, or whether we are going to win it by working and by production.

Mr. ROSS (Calgary East): I understood the hon. member for Bow River to say that there are 200,000 tons a year of scrap iron and scrap steel within reach of Calgary?

Mr. JOHNSTON (Bow River): I was speaking from memory, but the figures are on *Hansard*. I placed them there the other day.

Mr. ROSS (Calgary East): Would the former Minister of National War Services or the Minister of Munitions and Supply give us the information.

Mr. JOHNSTON (Bow River): That was the information I got from the Dominion Junk company at Calgary.

Mr. SPEAKER: We are not in committee.

Some hon. MEMBERS: Question.

Motion agreed to, and the house went into committee of supply, Mr. Fournier (Hull) in the chair.

DEPARTMENT OF AGRICULTURE

30. Special. Prairie Farm Assistance Act, $500,000.

Mr. NICHOLSON: Would the minister inform the committee whether last year a crop failure area was declared in Saskatchewan?

Hon. J. G. GARDINER (Minister of Agriculture): No. No crop failure areas were declared in any of the provinces last year.

Mr. NICHOLSON: I have before me sessional paper No. 110M, produced on motion of the hon. member for Weyburn, and dated May 15, 1941. In this document I find a telegram dated July 8 from Mr. J. G. Taggart to the minister, in the following terms:

> Review of crop conditions to-day indicate heavy deterioration and certainty of more than 135 townships under five bushels. Believe it urgent to proceed with proposed amendments which I am sure will greatly improve workings of act.

I shall not read all of the communications. There is one from the Minister of Agriculture to Mr. Taggart under date of July 31 advising that an amendment had been passed and that it would be necessary to raise the number to 171 townships. There is a further communication under date of August 1 from the minister of agriculture of Saskatchewan to the effect that the number of townships having a yield of less than five bushels to the acre would substantially exceed 171. Then there is a list of the townships, which I have not counted. But there are thirteen pages each

containing from thirty-five to fifty townships, and therefore the total would be well over 500. These are the townships which, in the opinion of the provincial department of agriculture, would have a yield of less than five bushels to the acre. Last night, when this matter was being discussed, the minister pointed out that where the act states that the governor in council may upon the application of the province make this mandatory, the "may" had the same effect as "shall". Would he be good enough to explain to the committee why he did not declare a crop failure area last year in view of the evidence submitted by the provincial department of agriculture at Regina?

Mr. GARDINER: The act requires that before the federal Department of Agriculture will even investigate to see if there is a crop failure area, the province must state that they believe there is a sufficient number of townships under five bushels to the acre to meet the requirements of the act. At the present time that figure is 171 townships; at the time the first application was made the figure was 135 townships so far as Saskatchewan was concerned. The minister of agriculture of Saskatchewan made application early in the season and declared that he believed there were more than 135 townships, all that was required at the time, and designated the municipalities which he believed were under five bushels to the acre. As is indicated by the return, I, as the minister in charge, communicated to him the fact that the required number had been increased from 135 to 171 townships. He came back with an application stating that he still believed there was a sufficient number of townships in Saskatchewan under five bushels to warrant the application being made, and he gave a list which, I assume, is the one referred to by the hon. member for Mackenzie (Mr. Nicholson). With that list in our hands we made an investigation, but this showed that there were not 171 townships which were under five bushels to the acre, and therefore we refused to declare a crop failure area.

Mr. NICHOLSON: Will the minister explain the wide discrepancy between the opinion of the department of agriculture of Saskatchewan and that of the minister's own department?

Mr. GARDINER: There is not a wide discrepancy. The department of agriculture of the province does not make an investigation. All it has are the reports from the municipalities or other authorities that the crop yield is expected to be under a certain figure. We expect that they will make application for all those townships which they have reason to believe will drop below five bushels to the acre. When that is done, we keep a check on the townships until the crop is harvested. After the crop is harvested we make a report as to whether or not the yield was five bushels to the acre. We found that there were not 171 townships in Saskatchewan with a yield of under five bushels to the acre.

Mr. NICHOLSON: How many were there?

Mr. GARDINER: I think the number was 156 or some such figure.

Mr. NICHOLSON: Mention was made yesterday evening of the cost of administration. Last year I made representations to the minister that municipal authorities should be used more extensively. The minister stated that there would be difficulties, that in administering funds where the dominion had so much at stake, they could not very well give responsibility to the municipal authorities which naturally would be concerned about having payments made to as many people in the municipality as possible.

Mr. GARDINER: I was going to put on the record certain figures in connection with the Prairie Farm Assistance Act, 1940 crop year. These figures are as of May 31, 1941. The records may not be complete, but they are almost complete. The figures are:

Townships dealt with by the board of review

	Yield in bushels	No. of townships	
Manitoba	0 to 4	5	
	4·1 to 8	38	
	8·1 to 12	128	
			171
Saskatchewan	0 to 4	146	
	4·1 to 8	345	
	8·1 to 12	780	
			1,271
Alberta	0 to 4	25	
	4·1 to 8	72	
	8·1 to 12	127	
			224
Grand total for the three provinces			1,666
Number of individual awards paid to May 31, 1941			49,835
Amount of awards			$6,410,890 71

Mr. QUELCH: How many applications were turned down because they had not been sent in by October 31?

Mr. GARDINER: I cannot give that at the moment. The number is not large in comparison with the number of applications made, but I am not in a position to give the exact figures.

Mr. QUELCH: The number may not be large, comparatively speaking, but the minister realizes that there were quite a number

turned down on account of that fact. Many applications were late because the municipalities believed that the yield would be above twelve bushels to the acre, but upon the completion of threshing operations it was found that the yield was below twelve bushels to the acre. Will the minister object to a certain action that I am taking? I am writing to all the municipalities in my constituency reminding them of what happened in 1940 and suggesting that they make application before September 15, should it appear that the average yield is going to be less than twenty bushels. Apparently last year they tried to estimate whether the yield in the township would be less than twelve bushels, and many of them fell into the error of overestimating the yield. This is the action that should be taken if Ottawa is going to stand by the hard and fast rule of refusing to accept applications because they are sent in too late. A farmer in a municipality should not be discriminated against because the municipality has tried to do the right thing. I think the minister will appreciate what I am talking about.

Mr. GARDINER: The desire of the department is that the provinces and municipalities notify the federal authorities of any township which they believe will, on the average, go under twelve bushels to the acre. We have also intimated to the ministers of agriculture in the provinces—this probably was not done in sufficient time to take care of last year's crop—that we would much prefer them to err on the side of asking for those townships which we might turn down upon investigation to their erring on the other side. Any western member, indeed any hon. member of the house, will realize that it is difficult in the early part of July to say just what the crop yield may turn out to be, but we have been hopeful that some authority will notify us fairly early in July as to what they believe the crop yields will be in those townships. I think the government of Saskatchewan have probably been more active in that connection than governments of other provinces, probably because they have had more costly experience; for there have been much larger drought areas in Saskatchewan than anywhere else, and they have probably a more complete organization to check conditions all over the province. For these reasons perhaps they have put in more applications and got them in at an earlier date.

There was a difficulty, I must admit, in Alberta last year in view of the change through the death of the provincial minister of agriculture who was carrying on in the early part of the season, but we did intimate finally to them that we preferred that they would err rather on the side of indicating to us that a township should be examined which might not come within the area upon investigation to their erring on the other side. There were not very many townships that were passed over, if we are to judge by the number that came in afterwards and said that they had not been aware of the fact that they were under twelve bushels to the acre until after November 1. I have the figures here of those that were examined in the different provinces and will add them to the figures I have placed on the record in order to give hon. members some idea of the number of applications made in the different provinces.

In Manitoba we examined 316, and we passed 171; in Saskatchewan we examined 2,126, and we passed 1,271; in Alberta we examined 431, and we passed 224. It will be noted that there is not any great difference in the proportion of those passed, compared with the number examined in the three provinces. In all three provinces we examined 2,873, and we passed 1,666. I am informed that the number which have written in later from all three provinces and questioned whether they should not have been in, stating that they had not made application because they did not have information sufficiently early or for some other reason, is considerably less than 100. Therefore, out of over 2,873, it would be a comparatively small number. Applications were made in the case of these 2,873 before November 1, and they were all examined. I realize, of course, that that does not help the people who were in those districts which found they were under twelve bushels to the acre, and they have reason to complain that someone did not take action in sufficient time. I must say, too, that we do not absolutely rely on these applications that are sent in. Our inspectors do check some of the townships when they are in areas where they realize that a township may be making application later on. They will check some of these townships which have not asked for it, but we do not feel that we are expected to act unless a municipality or a province makes application.

Mr. QUELCH: But after the inspector finds out that the yield in such a district is below twelve bushels, does he not notify them to make application, or does he wait for them to find out? I think it is up to the inspector to tell the municipality that the district will be eligible for the bonus, without waiting to see whether they make application.

Mr. GARDINER: The inspector is not in a position to give anyone definite information. He checks a certain proportion of the farms

in the district and gives his opinion that a certain township may come in, to the officials in the office, not to the municipality. There is somewhat of a check kept. We always expect that the municipalities will keep a check.

Mr. NICHOLSON: To return to the question of personnel, I have done a good deal of business with the department in Ottawa and with the office in Regina, and I think the minister is fortunate in having such an efficient personnel at headquarters. I am sorry I cannot say the same of the personnel in the country. Looking over the list of inspectors operating in my constituency, given in the return brought down for the hon. member for Qu'Appelle (Mr. Perley), I have been struck by the expense accounts of some of the inspectors. This is the first year the act has affected the northern part of Saskatchewan where I live. I should like the minister to state, first of all, how the personnel in the country is selected. I notice the name of John Davies, for instance, of Farmingdale. How does the minister find out that John Davies, living away up in the bush, is a suitable person for this work?

Second, I should like to know what sort of check the department makes of the expense accounts of these inspectors. The hon. member for Lake Centre pointed out last night that one inspector working out of Melville turned in an expense account averaging $11.50 a day, and looking over the list of inspectors and their expense accounts I find a wide discrepancy. In my constituency most of the inspectors run up an expense account of nearly $10 a day. The cost of living is not as high there as in other parts of the province, and I notice that some other expense accounts are for $5 a day, and that some inspectors draw less for expense accounts than in salary. A great many are paid $5 a day in salary and run an expense account of around $10 a day. In my constituency I stayed with a friend at a hotel at Easter time. We had supper, bed and breakfast, and in the morning I asked for the bill and was told they were charging us two dollars. I asked, "Two dollars each?" and they said "No, for the two." True enough, the hotel was not in the style of the Chateau Laurier, but it was the best and only hotel in the village, and I cannot understand how these inspectors doing their work in the field can run up such large expense accounts. Would the minister tell the committee how these men are selected, and what check is made on their expense accounts?

[Mr. Gardiner.]

Mr. GARDINER: In selecting the men, we try to find some one who is not looking for a permanent job.

Mr. NICHOLSON: There are plenty of them in the country.

Mr. GARDINER: Yes, but I think there are more who are looking for permanent jobs. Generally we try to find someone, to put it in another way, who is not in absolute need of a permanent job, who has some other employment. If we can find a good capable farmer who has had considerable experience and is in a position to give us probably two or three months of his time during the summer, and if he thinks it will not interfere too greatly with his own farming operations, we like to have a man of that type. Or we might choose a man in a village who has been accustomed to dealing with farmers, either through being in some branch of the grain trade perhaps or through making collections, and who knows farm lands and can estimate crop yields when he sees them, even as standing crops; he understands farming operations, and at the same time is prepared to devote to the work part of his time during the summer. We make some inquiries to assure ourselves fairly well that the man has either a business or a farm to return. That is the type we hope to get. We do not wish to call men away for anywhere from two to three weeks or two to three months, and have them say to us afterwards, "We expect you to find work for us for the remainder of the year."

This is one check we do apply. We make inquiries of municipal men, of members, of persons here and there over western Canada in order to find suitable types. For example, the first man who was put on, I believe, is one of the best-known municipal secretaries in Saskatchewan, a man who is known by every municipal official in the west; I refer to Mr. Truscott. I understand that he attends all the municipal conventions, and has done so for many years. He was given the task of going over the block of country of which he has charge at present, and selecting half a dozen men to go out immediately as inspectors. He made recommendations, and the names were placed on the list. In most districts we have asked for at least double the number of men whom we expect to use, and we leave it with the officers at Regina to select men from that list. They use a man for a period of time. If they find that he is efficient in the work they continue to employ him, and probably they will call him up the succeeding year. If they find that the man does not do the job as they wish to have it done, he will probably not

be called up the next year; they will try someone else. But the lists are made up in the manner I have explained, and they are submitted to me as minister for my endorsation. Some of these men I know; many more I do not know, and I simply have to take the word of those of whom we inquire, who know these men, as to their abilities, and try them out.

The other question was what?

Mr. NICHOLSON: About their expense accounts.

Mr. GARDINER: The expense account, naturally, is made up of their board and sleeping accommodations while they are away from their homes, and the cost of operating their cars. A car operates on a basis of seven cents a mile until 4,000 miles have been covered, when it becomes six cents a mile. The cost in connection with the car is made up from that calculation.

As to how some of them might run up large expense accounts, that depends upon the type of work a man is put on. If a man is put out in a district the greater part of which is in a crop failure area or in which the crop is obviously under twelve bushels to the acre, he does not need to make the number of inspections which have to be made by a man who is working in the borderline areas. For example, a man can drive rapidly through a township which has three bushels to the acre, and say, "That is under five bushels" or "under four," as the case may be. But he cannot drive nearly so rapidly through a district which is on the boundary line between eight bushels and seven, or eight and nine, or twelve and thirteen, or twelve and eleven. The man who operates for the greater part of his time in the area of which I first spoke can earn much more on mileage, because he would cover probably double the area, entailing double the expense in mileage, and consequently might build up a large expense account. Burglund is one of the main checking men who has made inspections and checked areas which have been gone over. He is one of the men in the district who are sent out to check areas, and in many instances to recheck areas.

Mr. PERLEY: The hon. member for Mackenzie has, I think, touched a vital point. I had some experience last year and the year before in our district with these men. I talked with them, and found that the man who was inspecting the municipality in 1939 was driving home to Windthorst, about forty miles, every night and running up his expense account. I may say that he was checked up on this, and then he stayed in about the centre of the municipality.

I brought this matter up yesterday, and I contended that men who had a knowledge of the municipality should be reemployed if they are doing good service. In the instance I have in mind, a change was made last year. Another man, who, as the minister states, is a farmer in the district, did this work, and while I believe he was conscientious in many respects, he made what I would term a still quiet hunt. He inspected every quarter-section, driving round quietly, and put in an expense account considerably greater than his salary, and I would venture to say that nine nights out of ten he was at his home. I have here the list to which the hon. member has referred, and it shows that at least 70 per cent of these men have expense accounts which run over their salaries.

Mr. NICHOLSON: Twice as much.

Mr. PERLEY: Yes; some of them twice as much. I venture to say that the minister could make a great saving if these men were checked up in that respect. If the same man continued to do the work this year in that municipality, he could complete it in one-fourth of the time, because he has knowledge now of every quarter-section and of every farmer. In consequence, his expense account would be materially less.

As regards this matter of individual inspections to which the minister referred, the system followed last year amounted practically to individual inspection of every farmer and every farm in the areas to be inspected where they thought that the crop was such that the producers would come under the bonus.

I am not going to hold up this matter any further, other than to say this, that it is under this act, and under this branch, I understand, that the minister is to carry out the regulations with respect to the reduction in wheat acreage, the summer-fallow bonus, and so forth, this year.

Mr. GARDINER: Yes.

Mr. PERLEY: How many additions does the minister expect to make to the staff to do that work this summer? What increase has there been in the staff in Manitoba, Saskatchewan and Alberta, with respect to this particular branch of the work?

The minister will recall that in 1939 there were quite a number of overpayments of bonus, and I believe he took steps to recover some of those payments. What success has he had in that direction? I have in mind four or five cases; I am not going to mention

names, but I think the minister knows some of them. I know he was undertaking to make recoveries, and if there have been overpayments there should be some method of obtaining repayment. I believe also that there are a number of cases yet unsettled, still more or less in dispute, with respect to last year. How many are there, and what does the minister propose to do? Will there be some settlement of these cases?

Mr. GARDINER: There are about one-third of the questionable payments—I would not say it has been definitely decided that all of these questioned payments should not have been made—that have been collected. About two-thirds of those in respect of whom payments were questioned have not yet paid back the amounts. We have not been so much concerned about persons who were actually on farms and received overpayments or received payments when we afterwards found out that probably the land should not have been paid for on account of some of the regulations we have. Knowing the districts particularly in areas that have been on a number of occasions in the drought zone, we figure that if that farmer is due a payment later on we can withhold the amount out of succeeding amounts to be paid him. We have not been so persistent in pursuing these persons. There are some difficulties in compelling the repayment of moneys where persons have turned out not to be farmers, but all doubtful cases have been turned over to the Department of Justice, and they have been examining into these cases and trying to determine those that may be in a classification under which action can be taken. Up to date, however, no actions have been taken in court to collect. The result is that we have collected one-third of the money which we think should be repaid.

To give an idea of the amount which is involved—because a general discussion of this kind could leave the impression that with the payment of between $9,000,000 and $10,000,000 in the first year there might be a considerable part of that money about which there was some question—I might point out that the total amount questioned by the treasury department and ourselves is $13,156.73, and the recovery has been $4,736.22. In paying out a sum of money that is considerably over $9,000,000, under a plan that is entirely new, over such a wide area, and to some 58,000 people, we were fortunate not to have more cases than we actually had, and we are also fortunate to have been able to collect back about one-third of the amount. Most of the persons who returned the payments sent back the money quite voluntarily as soon as they found they had received payments to which they were not entitled.

Mr. NICHOLSON: How much was collected from the farmers for the last fiscal year, and what is the amount of payments made under the act in the same period? I wish to refer to a letter from the secretary of the United Farmers of Saskatchewan dated March 25, 1941. Copies went to the various political parties from Saskatchewan, and no doubt the minister has seen the letter. I promised that I would try to get an explanation, because there have been certain complaints about the board of review. I quote:

> I am enclosing a copy of an appeal which we have presented to the board of review, under the chairmanship of Professor E. C. Hope of the Saskatchewan university. Here we find a rather strange situation, in that I first of all presented the first two cases referred to in the appeal to A. R. Mackie, superintendent in charge of administration of the act. He refused the bonus because of a "ruling of the treasury board in December, 1940". I then referred these two cases to Hon. J. G. Gardiner, Minister of Agriculture, and he replied that he could not change the ruling.

They cite some nine or ten cases that came before the board of review. Could the minister make a short statement in connection with these problems to which attention has been directed by the United Farmers of Saskatchewan?

Mr. PERLEY: First, I would ask the minister to be good enough to give an answer to the question I asked. What was the increase in staff to carry out the regulations with regard to summer-fallowing?

Mr. GARDINER: I have not the exact figure here, but I understand that the increase in inside staffs will be about a dozen in the three provinces.

Mr. PERLEY: How about the field staffs?

Mr. GARDINER: There has been no increase in staff in the areas in which we were operating and the more southerly areas where there have been crop failures or low crop yields, but we have had to add to staffs in the northern sections, through the northern part of Manitoba, the northern part of Saskatchewan and into the northern part of Alberta, and we have had to make appointments in the Peace River section of British Columbia. The numbers on the outside staff will not make any material difference. The persons added on are added to the lists I have indicated. People are selected from these lists to do the work, and if double the number are selected they will do it in half the time,

so that the figures in that regard are not as important as the total amount of money paid out in doing the work.

Mr. PERLEY: I understand that there were quite a number of men who went lecturing and attending farmers' meetings.

Mr. GARDINER: Very few of these men were employed. The provincial departments of agriculture offered the services of all their district agricultural men, and they went and held meetings. Many of the municipal secretaries, although we were paying them only for office work, held meetings in different divisions of their municipalities voluntarily, and they are paid on the basis of fifty cents a farmer who applies for a reduction in acreage, for all the work they do throughout the area in connection with the applications. They did make it convenient for farmers by holding public meetings and having the farmers come to the schoolhouse, or wherever the meeting was held, and sign their applications for wheat acreage reduction, but nothing was paid for these particular meetings.

Mr. PERLEY: What about those cases still in dispute, not yet settled? The minister knows the ones to which I refer.

Mr. GARDINER: I understand there are about a dozen individual cases before the board still for consideration, and there are a number of townships or applications from individuals that are before the Department of Justice for decision as to whether they are entitled to payment.

Mr. PERLEY: Will this be the final regulation with respect to the summer-fallow bonus and acreage reduction?

Mr. GARDINER: It will be final unless there are unforeseen developments. An undertaking was given here regarding a matter about which certain questions have been asked a number of times by hon. members in the last two or three days. I believe I am correct in saying that an undertaking was given by the Minister of Justice and myself that in order to make provision with regard to the right of members to apply, if it becomes necessary to do so, an amendment can be made to the regulations. Amendments of different kinds may have to be made, but in substance the regulations are as we intend them to operate.

The answer to the other question is this. In 1939 the number of townships was 1,923; payments, $9,904,300.77, and the levy $2,421,507.37. For 1940, to date, the number of townships is 1,666—this figure is a little larger than the one I put on record because it is of a later date. The payments amount to $6,500,217.18, and the levy—we have not the exact figure—is approximately $2,500,000, or almost identical with that of last year. It was $2,421,000 last year, and it will be in that neighbourhood now.

Item agreed to.

473. Marketing Service. Subsidies for cold storage warehouses under the Cold Storage Act, in the amounts detailed in the estimates—further amount required (revote), $12,332.48.

Mr. STIRLING: What does "revote" mean in that sense?

Mr. GARDINER: It is money which had been provided for before.

Mr. STIRLING: Had the work been begun?

Mr. GARDINER: Yes, and this is to complete it.

Item agreed to.

475. Special. To provide for assistance to encourage the improvement of cheese and cheese factories—further amount required, $395,000.

Mr. NICHOLSON: Will the minister break this down, the amount for equipment and the amount for cheese?

Mr. GARDINER: That is made up of the estimated cheese production for this year, 155,000,000 pounds; the premium averages 0·9 cent a pound. That makes a total of $1,395,000. Last year we estimated the total at $1,000,000, and we have to have an extra $395,000. That is largely due to the increase in production, the increased volume of high grade cheese compared with the estimate.

Mr. MacNICOL: Which is a good thing.

Mr. TUSTIN: Will the other bonus be paid out of the war appropriation?

Mr. GARDINER: The 1·6 cents will be paid out of war appropriations.

Mr. NICHOLSON: It refers to assistance to encourage the improvement of cheese and cheese factories. Have we a vote to go on capital equipment?

Mr. GARDINER: That is the name of the vote.

Item agreed to.

DEPARTMENT OF FINANCE

476. To provide for compensation to provinces which agree to vacate the personal income and corporation tax fields for the duration of the war, the annual amount thereof being computed in accordance with and subject to the terms and conditions of agreements approved by the governor in council and entered into with such provinces by His Majesty the King in the

right of Canada represented by the Minister of Finance and on a basis which will produce substantially the equivalent of either:—

(a) The revenues which the province and its municipalities obtained from these sources during the fiscal year ending nearest to December 31, 1940, less the amounts collected after the close of such fiscal year by the province and its municipalities in respect of personal income and corporation taxes levied upon incomes of 1940 or prior years or based upon the status or operations of the taxpayer in 1940 or prior years; or

(b) The net debt service paid by the province during the fiscal year ending nearest to December 31, 1940 (not including contributions to sinking funds) less the revenue obtained from succession duties during that period and less the amounts collected after the close of such fiscal year by the province and its municipalities in respect of personal income and corporation taxes levied upon incomes of 1940 or prior years or based upon the status or operations of the taxpayer in 1940 or prior years

and for the payment of fiscal need subsidies to such of said provinces as enter into such agreements, and can demonstrate to the satisfaction of the governor in council that these are necessary: an amount not exceeding, $45,000,000.

Mr. NICHOLSON: Since this is a fairly large vote will you call it six o'clock, Mr. Chairman?

Mr. MACKENZIE (Vancouver Centre): I move that the committee rise, report progress and ask leave to sit again this day.

Motion agreed to.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

NEW MEMBER INTRODUCED

Mrs. Cora T. Casselman, member for the electoral district of Edmonton East, introduced by Right Hon. W. L. Mackenzie King and Hon. J. A. MacKinnon.

SUPPLY

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

DEPARTMENT OF FISHERIES

69 Departmental administration, $128,480.

Mr. NEILL: Mr. Chairman, when we were discussing this item some weeks ago, the minister made a statement in connection with the sale of the salmon pack of British Columbia. He stated at that time what had been done up to date. Since then, I believe there have been some further negotiations in the matter. Perhaps he would be willing to make a further statement.

[Mr. Gardiner.]

Hon. J. E. MICHAUD (Minister of Fisheries): Mr. Chairman, I shall be pleased to comply with the request of the hon. member for Comox-Alberni and make a statement supplementary to that I made on May 26. Additional information has come to my attention since, and I shall inform the committee as to the further developments in connection with the matter of supplying the canned salmon requirements of Great Britain.

Last week the British food controller stated definitely that he was desirous of purchasing the canned salmon pack of the British Columbia fisheries for the present year. Immediately the Department of External Affairs, the Department of Trade and Commerce and the Department of Fisheries set machinery in motion not only to give the assurance that this request would be met, but to give an undertaking that everything possible would be done to get together those large quantities of fish required to supply British needs, and to see that shipments were properly coordinated and shipped overseas in an orderly fashion.

Mr. NEILL: Will the Canadian government buy the fish direct from the British Columbia people?

Mr. MICHAUD: No. We believe the industry on the Pacific coast will take care of those requirements, as it has done in the past. We have advised the British food controller, through the British mission, that a maximum pack of 1,700,000 cases of salmon could be properly put up this year, if our expectations are realized, without impairing the future of the industry. Not only have we said that we would do everything possible to see that it was put up and delivered, but we have pointed out that home requirements and a certain share to go to other markets would be taken care of. We have assured the British government that we expect the industry to deliver 1,200,000 cases of canned salmon this year to the British market and, in order to make that possible, we shall have to curtail by 40 per cent the usual quota for home consumption and for markets other than British, or reduce the amount to 60 per cent of that packed for export to markets other than British and for home consumption.

This means that we shall keep about 500,000 cases for our requirements in Canada and for export markets other than those in Great Britain, and that we shall make available to the British consumer 1,200,000 cases.

Mr. NEILL: How does that compare with last year's catch?

Mr. MICHAUD: To give the committee an idea of the magnitude of the undertaking, may I point out that the average export to

Great Britain in 1936, 1937 and 1938 amounted to 380,493 cases of canned salmon, while last year's shipments amounted to 568,441 cases. It is obvious, therefore, that our commitments this year are about double last year's shipments.

Mr. NEILL: It is estimated that the pack mentioned by the minister as 1,700,000 cases can be produced this year. How does that compare with the amount produced last year?

Mr. MICHAUD: It is between 350,000 and 400,000 cases more than the production of last year. In order to assure these British requirements, we shall have to take every precaution to see that priority is given.

Mr. NEILL: Priority will be given to the British orders?

Mr. MICHAUD: Yes. Members of the committee may be interested in knowing the basis of this sale of salmon to Great Britain. The pack is divided into three grades: grade No. 1, comprised of sockeye; grade No. 2, comprised of cohoe and red spring, and grade No. 3, comprised of pinks and chums. The prices are to be from 10 to 15 per cent higher than those received last year, to take care of the additional cost of production. The prices for this year are $13.75 a case for No. 1; $10 for No. 2 and $6.25 for No. 3; the prices last year were $12.37 for No. 1; $8.65 for No. 2 and $5.60 for No. 3. These prices are for a case of 96 half-pound flats.

Mr. NEILL: Is there any indication that these prices, apparently set by the British government, will be satisfactory to the fishermen and the canneries?

Mr. MICHAUD: So far as I have been able to ascertain, they will be satisfactory to the canneries, and I have no reason to believe that they will not be satisfactory to the fishermen. The fishermen must consider themselves fortunate in having an assured market this year for this large quantity of fish, with conditions as they are. Had the British government not consented to take this large quantity, I doubt if the home market and the markets other than British would have been able to absorb such a large quantity. Since this year's prices take into consideration the increased cost of production, I think the fishermen ought to be satisfied with these prices.

Mr. NEILL: This seems to be an excellent arrangement provided that the required quantity can be obtained. Unless this happens to be a big run year, it will be rather difficult to get this quantity. However, the canneries will have an assured market, which they had not last year. The same condition will apply to the fishermen. I think the government ought to be congratulated for whatever part they took in bringing about such an arrangement.

The statement was put out to the press a few days ago by the department in connection with canned herring. I understand that the British government have agreed to take 35,000 long tons of canned herring, whereas last year they did not take more than 8,000 or 12,000 tons. This is an increase of over four times, a tremendous increase.

I hope it will be found possible to supply this quantity, but I doubt it. This bears out the argument which I have been advancing for many years and which I mentioned last week, that the Canadian government ought to stop the reduction of herring into oil and other products. It might be easy for me to say, "I told you so." For all these years I have been telling the government that they should not permit the reduction of herrings into comparatively low-class articles like oil and fertilizer. In that way we get the least possible out of the fish; we curtail spawning, and we reduce the amount of salmon food which is most essential. When a crisis comes along and there is an enormous demand at a profitable price for herring, we find that we shall not be able to supply anything like the quantity required.

We have out-fished these herring in years gone by, and enormous quantities have been reduced. The departmental reports show that the supply has been steadily going down. There is one step the minister could take, a step which he has the power to take, namely, to prohibit any reduction of herrings this year. It may be said that the more profitable price to be received for canned herring will bring about this result, but that does not necessarily follow. A plant may be equipped for reducing only, and it will go on reducing only, first pilchards and then herring, if allowed to do so. Great Britain does not want herring in the reduced form because she can obtain what oil she requires from whales, cod, et cetera, but she does want herring in this form. Apparently it is intended to have these put up in half-pound tins in order that they may be part of the men's rations, part of what they call the special ration. The minister should fall in line with the expressed wishes and needs of the British government. This will be to the advantage of the fishermen and canners because more money can be obtained from a ton of canned herring than from a ton of reduced herring.

Mr. MICHAUD: The British food controller has expressed a desire to be supplied with a large quantity of canned herring this year. As a matter of fact, I think it is the first

time in the history of the British Columbia fisheries that canned herring has been demanded in such a large quantity. Thirty-five thousand long tons is what they ask to be supplied with. This will mean 1,630,000 cases of ninety-six half-pound cans to the case. In this connection, priority will be given to meeting these requirements. I am inclined to believe that when they are taken care of, there will be little left for reduction purposes.

Without committing myself definitely to a policy of prohibiting altogether the reduction of herring this year, I can assure the hon. gentleman that so far as I know, reduction will have to be prohibited in many sections. There is always a certain quantity of fish caught which are not suitable for canning or any other purpose than reduction for fish meal. There are fish caught which cannot pass the inspection and cannot properly be put into cans and offered to the consumer. Nor can they be thrown back into the water and be wasted, and we shall have to see that they are used to the best advantage and supplied possibly to other interests, particularly agriculture, for use as food rations for poultry, cattle and so forth. I think I am safe in saying that unless we have an overabundant supply of herring this year, we shall have to stop the reduction of herring at least until the requirements of Great Britain are assured.

Mr. NEILL: Thank you.

Mr. FRASER (Peterborough West): The minister promised on May 26 to give a breakdown of the expenditure on lobster control.

Mr. MICHAUD: I am pleased to give the hon. member the information which he requested, and which I hope will correct the misapprehension under which he was labouring on a former occasion, on May 5, when we discussed the expenditures for the canned lobster industry.

The season for canning lobsters opens generally in May. Last winter, after the government of Great Britain had placed canned lobster on the luxury list, the fishermen as well as the canners thought they could not operate with a market as limited as the Canadian and United States markets, judging from the volume of former exports. They appealed to the government, and we had to give them the assurance that the usual pack would be taken care of and that we would help to market it. The average annual pack of canned lobster for 1934, 1935, 1936, 1937, 1938 and 1939 amounted to 97,000 cases. Last year we amended the regulations and prohibited the canning of lobster smaller than six and a half inches in length. We knew that that would tend to reduce the pack and also to conserve the species. We also knew that a number of people who formerly gained their livelihood through lobster fishing had become engaged in other employment which they thought more profitable, and that the number of lobster fishermen would, therefore, be much smaller. It was, in fact, much smaller, but we anticipated a pack of 70,000 cases, and we gave our undertaking to the fishermen and the canners that we would see that this pack would be marketed.

We referred the matter, based on these figures, to the different boards advising the government as to production and marketing, and we adopted a plan which we thought would be helpful. We had no alternative but to try to develop the United States market and the home market. The consumption in the domestic market up to last year had amounted to 3,000 cases annually, and our average annual exports to the United States were around 12,000 cases, making a total of about 15,000 cases consumed on this side of the Atlantic ocean. The rest of the pack was exported mainly to Great Britain and some to the continent, where France, Germany and Sweden were the most important markets.

In order to influence the Canadian consumer to give some consideration to this commodity, we adopted the plan of advertising the goods on a wide scale, bringing to the attention of Canadian housewives the advantages of using canned lobster to a greater degree. Second, we canvassed the most likely purchasers in the United States, the large distributors of foodstuffs through large chain stores. The department, in order to give every assurance possible to the industry, decided that we would purchase whatever the industry itself could not sell. In other words, we agreed to be in the market to take up the slack. The results of the advertising were beyond our expectations. It is true that last year the pack was much smaller than we anticipated due to the factors I have mentioned and also to the fact that the weather last fall was much against lobster fishing, on account of several storms that raged on the coast during the fishing season in which many lobster fishing traps were carried away and much time was lost during the height of the fishing season. The actual pack was 58,898 cases. The department was offered 10,000 cases by the packers, who could not find a market for it themselves. These offerings were subject to inspection, and we could not place our seal of approval on some of the offerings. We refused to grade 4,757 cases, and we marketed 5,365 cases for the industry. The rest were marketed by the industry itself and by those who have been

for some years in the brokerage business and have made it their business to market this commodity.

Mr. FRASER (Peterborough West): Who were the brokers?

Mr. MICHAUD: The brokers on government sales? We had no brokers. We sold through the controller. The deputy minister had been appointed as controller under this scheme. He employed Mr. Akins of Toronto, who consented to act without pay and who received only $1,300 approximately for expenses.

Mr. FRASER (Peterborough West): But he belonged to an advertising firm in Toronto, did he not?

Mr. MICHAUD: Yes.

Mr. FRASER (Peterborough West): Then his commission would be got on the advertising?

Mr. MICHAUD: I do not know what he would get on the advertising. The firm was paid $50,000 to carry on the advertising campaign we had mapped out.

Mr. FRASER (Peterborough West): Well, then, the firm would get about 15 per cent of that, would it not?

Mr. MICHAUD: I do not know, because we do not pay the commission to the advertising firm.

Mr. FRASER (Peterborough West): They get that from the magazines?

Mr. MICHAUD: They get that through the newspapers or publications which carry on that work.

Mr. FRASER (Peterborough West): Well, then, it was really paid through the advertising from the firm?

Mr. MICHAUD: Yes. Accordingly we spent $50,000 on advertising, and the cost of marketing was $12,471.22. We had prepared for marketing 30,000 cases. At the opening of the season we had undertaken to take care of 55,000 cases, and we started to establish a structure and get the machinery to take care of that amount. After the spring season was over, we found that the quantity would not be as large as we anticipated, and we reduced our set-up considerably. We had labels and cases on hand to take care of about 30,000 cases.

Mr. FRASER (Peterborough West): The price per 8-ounce can was pegged at twenty-seven cents, was it not?

Mr. MICHAUD: No. That price represented an agreement among the retailers of the fish; it was not the price set by our department. The average price at which we sold was, on the Canadian market, $16.15 per case; on the United States market, including exchange, $19.40. Those are wholesale prices. The retailers agreed among themselves as to the retail price.

Mr. TUSTIN: How many cans are in a case?

Mr. MICHAUD: Ninety-six half-pound cans.

Mr. FRASER (Peterborough West): There are only two months in which lobsters are harvested. What do these control men do during the rest of the year?

Mr. MICHAUD: The controllers?

Mr. FRASER (Peterborough West): Yes. Are they kept on pay?

Mr. MICHAUD: No; they are not employed by us during the rest of the year. Two persons were employed in Halifax by the salt fish board, and during the lobster season we engaged them—an accountant and a bookkeeper—to keep track of the goods. We had nobody employed during the year except during the time that we took to gather the surplus which was offered to us and dispose of it.

Mr. FRASER (Peterborough West): The minister said, when he rose first, that I was under a misapprehension on May 5. I do not think my mind is at all changed yet.

Mr. MICHAUD: Yes. From a reading of a statement of the hon. member, I gathered that he seemed to be under the impression that all the money we spent, $62,471.22, was expended in marketing 5,365 cases.

Mr. FRASER (Peterborough West): No; 4,410 $\frac{5}{8}$ths cases.

Mr. MICHAUD: At the time those were the figures, yes. But I am now giving the statement for the whole year, the final figures having been revised by the treasury. The controllers sold 5,365 cases; the cost was $12,471.22; but we had a set-up at the beginning of the year to take care of 55,000 cases; we had a warehouse in Charlottetown, one in New Brunswick, and one in Nova Scotia. When we found out what would be required of us, we closed two of them and kept open the one in Halifax, assembled all the merchandise there, and disposed of it from the one warehouse.

Mr. POIRIER (Translation): Mr. Chairman, during this discussion of the administration of fisheries, I wish to review the federal-provincial relations with respect to the Fisheries of Quebec. Though long discussed, the question has not yet been definitely settled. However as I shall show further on, it is almost settled

in reality. Indeed, there remains practically only to give the form of a permanent agreement to what has already to all intents and purposes become an accomplished fact. There can therefore be no better occasion to bring the question to the fore, in the hope that both governments will this time arrive at a definitive settlement. Certain aspects of the matter lie beyond the scope of those of us who are neither lawyers nor experts in constitutional law. I shall therefore approach the matter solely from the point of view of the development of the fisheries of Quebec and particularly of the improvement of the fisherman's lot, which after all are the main things. Following a brief review of the discussions, I shall look into the bill paid by the fishing industry and the fishermen of Quebec and the basis of the permanent settlement advocated.

The question is far from new. It has its roots in the confederation pact itself. Confederation laid the foundations of a dispute between the dominion government and the various provincial governments. This dispute is still going on, at least in so far as Quebec is concerned. Taking its stand on the subsection "fisheries" of the British North America Act, the dominion government assumed both jurisdiction and ownership in respect of fisheries, not only deep-sea but also inland, save as regards small rivers and lakes. The dominion government, therefore, issued the licences, permits, leases, etc., for both commercial and game fishing. The provinces soon took the matter to the courts. The first litigation concerned inland fishing and the first province to institute proceedings was New Brunswick. As far back as 1883, in the then famous case of Robertson vs. the Queen, the Supreme Court of Canada invalidated the lease granted by the dominion government on the Miramichi river, thus recognizing the provinces' property rights in their territorial waters.

Following this judgment, the province of Quebec began immediately to exercise the prerogatives proceeding from the recognition of its property rights. Ottawa, however, did not renounce its judicial power and, consequently, its legislative power, which, in any case, no one had ever contested. It continued and still continues to make laws and regulations respecting the conservation of fish in the St. Lawrence and our other rivers and our lakes. In the interests of harmony, Quebec has supplied and paid, though in no way obliged to do so, the personnel required for the effective administration of these laws and regulations.

In 1898 the provinces challenged the dominion's jurisdiction over fisheries in tidal waters. The case, that of Quebec and Nova Scotia against the dominion, was heard by the privy council. In his judgment, Lord Herchell rejected the dominion's claim by establishing clearly the fundamental difference between legislative control and property right and affirming that one did not necessarily derive from the other. In 1914 the case was resubmitted to the privy council, this time by British Columbia, and again in 1921 by Quebec alone on account of the special situation in which it found itself in that regard. In the judgment which ensued, Lord Haldane held that the province, as a result of its ownership of the land, was entitled to ownership of any fishing gear attached to the land in any manner whatever, not only in the river estuaries, but anywhere along the coast. Our province was therefore entitled to issue permits and licences. But, as the right to fish in tidal waters is a public right, Lord Haldane denied to the province the right to issue exclusive leases or fishing rights therein.

Its rights having thus been clearly established and defined as regards its deep-sea fisheries, the province of Quebec set about exercising them by requiring, from 1921 on, a licence for salmon-fishing and for fishing-gear attached to the land along its coast.

But as the dominion government enjoyed, for purposes of legislative control as well as of revenue, the same right, though to a lesser extent because it did not in its case proceed from the right of ownership, it likewise required a licence. Our fishermen thus found themselves obliged to pay two licence fees. Furthermore, a fisherman holding a provincial licence but unable to obtain a federal one for the same purpose, or vice versa could only fish at the risk of breaking either a provincial or a federal law.

Such a situation could not last. Out of it arose an agreement with respect to our deep sea fisheries, along the lines of the one that had been concluded some thirty years before in connection with our inland fisheries. The dominion authorities retained the legislative power previously vested in them, as I said, and Quebec undertook to supply the staff required for the administration of those federal acts and regulations.

An agreement like that of 1922 could only effect a temporary settlement. Its full operation, with the inference drawn therefrom, could not and did not satisfy our province.

Consequently, as early as 1931, that is eight years after the agreement, a movement was launched in Quebec with a view to bringing once again that matter to the attention of the public. An editorial published in *Le Soleil* on March 24, 1931, stated the case.

In February 1932, the legislative assembly passed a resolution to the effect "That it was expedient that dominion-provincial cooperation be effected so that the development of our fisheries might be better ensured." That resolution found an echo in the House of Commons where all members recognized the benefit that our fishermen would derive from the cooperation of the two governments.

The question having thus been raised, the papers in turn took a hand in it. A delegation requested his Lordship Bishop Ross of Gaspé to lead the movement. He agreed on two conditions the wisdom of which cannot but be commended: (a) The matter should be considered solely from a social standpoint, outside all party considerations; (b) the newspaper campaign should cease. With his customary sense of duty, Bishop Ross set out upon his task. He met with the best reception on all sides. However, he wanted a complete agreement, with a complete programme. Honourable Messrs. Duranleau and Laferté had an interview and as a result the fisheries station of Grand River came into being. That was something, but it was merely one item on the programme. Consequently, in a letter to *l'Action Catholique* which that paper published with his permission, in its issue of April 18, 1933, the worthy bishop of Gaspé expressed his disappointment and authorized that paper to take up once again the campaign it had formerly waged so vigorously.

In 1934, the matter of cooperation between the dominion and the province with respect to fisheries was raised again in the Quebec legislative assembly by the then member for Gaspé, Mr. Alexandre Chouinard. Among those who took part in the debate were Mr. Pierre-Emile Côté, member for Bonaventure and now Minister of Lands and Forests, and Mr. Edgar Rochette, member for Charlevoix-Saguenay, now Minister of Fisheries.

The late hon. Mr. Kelly, who had raised the question in the legislative council, took it up again in 1935 and a substantial extract from his speech can be found in the February 28, 1935, issue of l'*Action Catholique*. That was the end of it.

That the agreement of 1922 entailed a great loss for the Quebec fisheries and indirectly for the fishermen is now generally recognized. Let us consider these two points, among others: industrial development and federal grants.

The war of 1914-18 greatly depressed the fisheries of Canada and, as ever, the dominion government, being so vitally concerned, launched a reform and expansion plan. The fillet industry along with the salt and smoked fish industry took a great expansion. Great strides were made in the use of fish waste and inedible fish, and in the matter of cold storage. The maritime provinces benefited from all that. The dominion government helped in every possible manner that expansion of fisheries along industrial lines, and in order that the fishermen from the maritime provinces might benefit from it, they even organized a fleet of fish-collecting boats.

Let me clear up one point right now, Mr. Chairman. In contrasting our position with that of the maritime provinces, we are not prompted by envy or jealousy, and our hon. friends who represent that part of the country in this house should not take offence. We have a respectful admiration for them. When they want something from the dominion government, they ask it with such strong and persuasive arguments that they never fail to succeed. Our task would be all the easier if we could prevail upon them to teach us their methods.

The best standard for ascertaining the development of the fishing industries is the marketing of fillets, a modern product in great demand among housewives. These fillets are sold fresh, frozen or smoked. Here are the figures for Nova Scotia and Quebec, according to official statistics:

Fillet Production

Nova Scotia

1918	1,519,700
1928	12,904,300
1938	22,996,800

Quebec

1918	Nil
1928	Nil
1938	792,500

However, I must say that during these last few years the fillet industry has progressed enormously in Gaspé. But, until 1938 Quebec had had no share in that development. Until the depression, the situation was not very bad because the dried cod market had quickly improved and become quite good between 1922 and 1929. However, the depression would have been less severe in 1932 if, as early as 1921, we had organized our production so as to secure our share of the national market. Since the depression, our fisheries have hardly regained 10·7 per cent of the lost ground, while Nova Scotia registered a gain of 45 per cent. And the reason is that the dominion government have not dealt with Quebec as they should have done. The whole industry has suffered from that arrangement. The bill has been paid by the fishermen. And from the amount paid in direct relief by both governments since 1932, one can see that the bill was pretty stiff. What makes it all the more distressing is the fact that, in 1921, the dominion was to begin in earnest to develop the Quebec fisheries.

In 1921, the dominion was ready to develop the Quebec fisheries according to a plan, which was set aside as a result of the 1922 agreement. That plan included the four following items: (a) building up of a competent technical staff; (b) higher salaries, in order that the members of this staff might devote their entire time to their duties; (c) establishment of a divisional fishery office at Quebec; (d) setting up in the Gaspé peninsula of an educational centre destined to become a combined biological and experimental station.

It should not be forgotten that Quebec's contribution to the national income is almost one-quarter of the total. It is only fair, therefore, that Quebec should obtain from the fishery appropriations a share somewhat proportionate to its contribution to the national treasury, or at least according to the number of its fishermen. Such has not been the case. Even before the agreement of 1922, Quebec did not receive its share; far from it. Take, for instance, the years 1904 and 1914, in connection with administration and fish-culture:

Year	Total appropriation for both purposes	Amount to which Quebec was entitled: On the basis of its contribution to the national revenue	Amount to which Quebec was entitled: On the basis of the number of its fishermen	Amount received by Quebec
1904	$254,385 00	$ 67,687 00	$38,088 00	$16,542 32
1914	583,122 29	145,630 00	74,639 00	33,129 80

In 1904, on the basis of our contribution to the national income, we should have received 29·4 per cent of the appropriation, and on the basis of the number of our fishermen, 16·6 per cent. The share we did receive amounted to only 6·5 per cent. For 1914, our share should have been 25 per cent in the first case and 12·8 per cent in the second. We received only 5·7 per cent.

May I quote a few further figures taken from the appropriations for fish-culture and administration expenses in the years immediately preceding the agreement.

Fish culture

Year 1918-19	
Total appropriation	$341,211 61
Quebec's share	11,562 52
Per cent	4·8
Year 1919-20	
Total appropriation	$305,476 75
Quebec's share	13,125 21
Per cent	4·3

Administration

Year 1919	
Nova Scotia	$ 90,959 48
New Brunswick	88,818 22
British Columbia	65,955 79
Prince Edward Island	16,184 11
Quebec	7,199 95
Quebec's share, per cent	2·7

More figures could be given, but these should suffice. Our fisheries and our fishermen are still feeling the effects of this parsimonious policy. In 1906, when our lobster-banks were being overfished, the Gaspé peninsula had only one inspector of fisheries, whose territory comprised the entire lower St. Lawrence right up to and including the county of Bellechasse. The same year Cape Breton alone, in Nova Scotia, had 27 inspectors. To-day, as everyone knows, our lobster fisheries are petering out. The average intake per lobster-trap has diminished from 66 pounds in 1890 to 8·2 pounds in 1932.

While prior to the agreement the province of Quebec received far less than its rightful share of the appropriation, its situation in that respect became much worse afterward. All grants, all contributions to administration costs ceased. Would it be possible to estimate Quebec's loss on that score? Doubtless the exact figures could be arrived at by setting down for each year either our contribution to the national income or the evolution in the number of our fishermen. That would be a long and unnecessary task, as the ratio would probably be the same as for the two years given above—1904 and 1914. The federal fishery appropriation for the twelve years following the agreement has averaged $2,000,000 a year. On the basis of our contribution to the total national income our rightful share would have amounted to $500,000 a year, or $6,000,000 for the full period. On the basis of the number of our fishermen we should have been entitled to something between $2,500,000 and $3,000,000. We received practically nothing, on the ground that the administration of the fisheries was a provincial matter.

To this amount must be added what Quebec had to pay directly for the administration of its fisheries and the development of fish-culture, some $150,000 a year, which in the other provinces is paid by the dominion government, and rightly so. While administra-

tion expenses are necessary, the fisherman cares little whether they are paid by Quebec or by Ottawa. But what he does care about is that Quebec, the provincial government which has done the most for its fishermen, is forced to divert to the administration of laws which Ottawa continues to make an amount of $40,000 to $60,000 a year which could be usefully employed directly for the development of fisheries and the improvement of the lot of the fishermen. If the dominion had, from the first decade, sought to make compensation by devoting an equivalent amount to the assistance of the fisheries of Quebec, the balance would have been restored and the question solved.

As far as fish-culture is concerned, the dominion government assumes the costs in the other eastern provinces and allows the provincial governments to draw the revenues, by means of licences and leases, derived from its restocking of their rivers and lakes. The fact of Quebec having the administration of its deep-sea fisheries in no way frees the dominion government from this responsibility.

What connection is there, indeed, between the administration of deep-sea fisheries and the artificial breeding of rainbow trout and speckled trout for the restocking of lakes and rivers? Yet, the dominion government assumes responsibility for the latter in the other provinces.

Therefore, to the above mentioned losses, must be added the sums appropriated for the administration of fisheries and pisciculture, and of which the development of the fisheries of Quebec has been deprived.

The fishermen and the fisheries of the province of Quebec have thus been fleeced. However, I do not wish to blame anybody in particular. I just wish to expose the facts in an impartial manner and assist in correcting a condition that nobody wanted, I am sure.

Could our fishermen be thus legally despoiled through the agreement of 1922? I am not competent to appreciate fully the juridical effects of that agreement, but if the federal government admits its obligation to help improving the condition of the fishermen, the contribution must be the same everywhere, and it is unjust to favour one section while discriminating against another. In my opinion, as members of the Canadian community, our fishermen can not be left out of the distribution and if they have been deprived of their natural rights by the agreement of 1922, it is through a biased interpretation unforeseen by its authors. In a democratic country, the government has no right thus to despoil an entire class of the population of one province. Jurisprudence, if I may use that word, agrees with my assertion. To extend the help that the present Minister of Fisheries has given to our fishermen during the last few years—for which I express my sincere gratitude, on behalf of all the fishermen of the Gaspé peninsula—it has not been necessary to rescind the agreement of 1922.

As a matter of fact, the two governments have done good work. During the first decade, that is from 1922 to 1932, the progress was rather slow; in Ottawa, because of the wrong interpretation given to the agreement, and in Quebec, as a result of a lack of organization inherent in such a succession. During that period, the province of Quebec, nevertheless, did some fish-culture, organized cooperation among fishermen, helped the cold storage industry, started to train specialists, established her administrative service, promoted the classisfication of fish and encouraged through grants the building and outfitting of fishing boats. During the last eight years Quebec has increased and diversified her aid, and covered the coasts with a wonderful network of cold storage plants. She has taken the leadership in endeavouring to gain for her fishermen a place on the national fish market, and she has promoted hydrobiologic research and established a fisheries school.

During the same period, the dominion has discarded its former policy. It has established an experimental fishery station in the Gaspé peninsula. It has paid grants to indigent fishermen, extended to our province the benefit of the salt fish board and, last but not least, it has contributed to the development of education among our fishermen. Thus cooperation between the two governments is not only possible but is actually taking place.

Here is the increase in the dominion grants to the Quebec fisheries:

Year	Appropriation
1935-36	$ 56,465 00
1936-37	135,379 11
1937-38	120,288 30
1938-39	212,799 59
1939-40	360,306 17

Thus, a definite and final agreement is but the logical result of the work now being done; it will be the means of dealing with many matters that are not yet settled. Among the numerous tasks that devolve upon governmental authorities, there are some over which the dominion alone has jurisdiction and executive power; others might properly be assumed by Quebec and, finally, there are many where joint action, if carried on properly, might be twice as productive.

Among the tasks about which the dominion cannot delegate its powers to the provinces,

may be mentioned sea patrolling and market protection. Both have an international character and it is difficult to see how the provinces could act efficiently in that respect. To those tasks could be indirectly added the classification of products. In the field of deep sea fisheries, the province of Quebec has dealt alone with that. But with respect to export products especially, would not a national classification impress importers more than a provincial one?

The proper function of the province of Quebec is to obtain a place on the national market, to promote production and to develop new industries. Finally, the two governments can actually cooperate, though not equally, in bringing about the general expansion of markets, in the development of scientific methods and their application to industry, in the extension of educational facilities and in the organization of cooperative societies. An agreement in that common field would have the advantage of preventing a duplication which, though non-existent at this time, is nevertheless, possible.

To those activities might be added fish culture. In our province and in British Columbia, the provincial authorities assume complete responsibility for it. However, cooperation by the federal government would be welcome and easily justified. In our province, in spite of the two administrative agreements concluded, the federal government has kept absolute jurisdiction over all our species of fish, without exception. I think that this should naturally entail the duty of restocking our waters. That is the case for the eastern maritime provinces and the local governments are even allowed to derive revenues from fishing licences and leases in the waters restocked at great cost through the federal government's own fish hatcheries. Quebec would be satisfied with less. Our province is doing a considerable amount of work in that field each year, but the size of the job offers plenty of opportunity for federal cooperation.

Quebec and Ottawa are fully cooperating in the development of our natural resources, especially mines and agriculture. The two governments have definite agreements in relation to youth training, unemployment, old-age pensions. Why not in regard to maritime fisheries? A few improvements in the present conditions, as I have just suggested, the defining of each one's part in the fields where the two governments cooperate, and everything would be definitely settled. In my humble opinion, it is time to give a character of permanence to this tacit but too fragile agreement, which is, however, essential to the success of the work undertaken.

I am under the impression that the agreement concluded between Ottawa and Quebec in relation to the fisheries is not complete. In order to get rid of us, the officials at Ottawa appear always ready to answer that Quebec has entire jurisdiction over her fisheries and that she has to look after their needs.

What about our share of subsidies, Mr. Chairman? We pay our share of taxes to the federal government, far more than the three maritime provinces combined. It is true that this government, as I said before and as the Minister of Fisheries explained the other day, has done more for the fisheries of Quebec than the Conservative party ever did. However, I maintain that during the war the estimates of the Department of Fisheries should not be reduced. I am convinced that the fishermen will suffer from this reduction in the estimates. The fishing industry is a national industry, just as much as agriculture, and it is during the war that we should try to obtain the best returns from it.

Mr. Chairman, I must add that I have full confidence in the present Minister of Fisheries and in the government of the Hon. Mr. Godbout at Quebec. I sincerely hope that the two governments may conclude a permanent agreement through which the province of Quebec shall obtain her legitimate share of grants.

Mr. HAZEN: Mr. Chairman, I should like to call to the attention of the committee an injustice, which has been done certain residents in the counties of York, Carleton and Victoria in New Brunswick, whose lands front on the non-tidal waters of the Saint John river, by reason of an order in council passed on May 9, 1940, and now embodied in section 9 of the special fishing regulations affecting that province. The effect of this so-called regulation is to take away from those people rights in property which legally belong to them, without any compensation whatsoever.

To take away from a man what he owns, without his permission and without compensation, is a theft, and I charge the Minister of Fisheries and the government of this country with the theft of property, by reason of this order in council. I realize, in saying this, that I am using rather harsh language, but I use it deliberately. I charge the Minister of Fisheries and members of the government with the theft of property, and I believe the only defence they can offer is that when they passed this order in council they did not realize what they were doing. That defence,

after all, is a very poor excuse. It does not justify their action, and it does not correct the wrong that has been done.

The regulation in question reads as follows:

> The use of nets in non-tidal waters, except under a permit from the Minister of Fisheries, is prohibited.

That sounds innocent enough; but owing to the fact that no permits are ever granted, its effect is, as I have already stated, to deprive these people of their legal rights in property, without any compensation whatsoever.

In order that the committee may understand the position, I shall refer to it in some detail. At the conclusion of the revolutionary war—

The CHAIRMAN: The language used by the hon. member is strictly out of order, according to citation 298 in Beauchesne's Parliamentary Rules and Forms.

Mr. HANSON (York-Sunbury): It is all right to say that the government is committing the theft.

The CHAIRMAN: Order, please. The leader of the opposition should know that when the Chairman is standing he should keep quiet.

Mr. HANSON (York-Sunbury): All right.

The CHAIRMAN: The leader of the opposition is also out of order. Will the hon. member for St. John-Albert please sit down? The hon. member stated that he used the language deliberately, language which was very strong. In so many words he charged the Minister of Fisheries with theft. That is strictly out of order, and the hon. member must withdraw.

Mr. HAZEN: I suggested they had a defence.

The CHAIRMAN: Order. There is no discussion permissible on the point. The language is out of order. There is only one thing for the hon. member to do, and that is to withdraw.

Mr. HAZEN: I withdraw the remark, then.

Mr. HANSON (York-Sunbury): Your ruling, Mr. Chairman, is with respect to the minister, is it not?

The CHAIRMAN: I do not understand the hon. gentleman.

Mr. HANSON (York-Sunbury): Your ruling that the charge of theft was out of order was with respect to the minister.

The CHAIRMAN: Oh, yes, surely.

Mr. HANSON (York-Sunbury): But not with respect to the government?

The CHAIRMAN: With respect to the government, yes, because the government is composed of hon. members. This ruling would not apply to any other person than members of the government and members of this house.

Mr. HAZEN: In order that members of the committee may understand the effect of these regulations, it is necessary for me to explain the situation. At the conclusion of the war of the revolution the United States government passed edicts of banishment against the person and acts of confiscation against the property of those men who had been loyal to and who had fought for their king during that war. In consequence, these men, their wives and their children, who were known as united empire loyalists, were obliged to leave comfortable homes and a well-established form of living, go to the British colonies in the northern part of the continent and there, amidst great trials, hew out for themselves new homes in the wilderness. About 70,000 persons left the United States at that time and laid the foundation for a great nation in the northern part of this continent.

Some of these loyalists settled along the banks of the Saint John river in the province of New Brunswick. As a reward for their services they received grants of land from the crown. These grants conveyed not only a certain acreage of land, but, if the description of the Saint John river as given by the Minister of Fisheries on August 3 last, as reported at page 2449 of *Hansard,* that the waters in the summertime are very shallow and narrow, is correct, then there is no doubt that these grants extended to the centre of the stream, and that the owner of the soil was the owner of the fishery above it. There can be no question about that. I might add in passing that if the Minister of Fisheries intended by that remark to convey the idea that the river was non-navigable, I am in agreement with him. I agree with him that the river is shallow in many places, but I must take issue with him when he says that the river is narrow. I cannot give its average width, but in many places it is over a thousand feet wide.

The important point, however, is that the grants to these loyalists conveyed not only a certain area of land, but also, and I quote from one of the grants:

> All . . . fishings, fishing waters . . . profits, commodities, appurtenances and hereditaments whatsoever thereunto belonging or in anywise appertaining.

Now grants of this kind convey what is known in law as several fisheries, and in the case of these grants they convey a corporeal hereditament. They gave the exclusive right

of fishing to the grantees, their heirs and assigns in the waters fronting on their land to the middle thread of the river, or, as some text books say, *ad medium filum aquae*. If the Minister of Fisheries has any doubt about this statement, I would refer him to Halsbury's "Laws of England," second edition, volume 15, commencing at page 42.

The most important fish that frequent the Saint John river is the salmon. There is only one way in which that fish can be caught in these several fisheries, namely, by netting. They will not rise to a fly; they will not take bait, and they cannot be caught by trolling. In consequence, from the time these grants were given about the year 1785 until last year these loyalists and their successors in title have exercised their legal right to net these fish in their several fisheries. It is hardly necessary for me to point out to this committee that netting is one of the best known and one of the oldest methods of catching fish. It was probably an old method when Simon and his brother Andrew cast their net in the sea of Galilee. It is the only way in which salmon can be caught in these several fisheries and, in consequence, the effect of this so-called regulation is to prohibit the owners of these several fisheries from exercising their rights to catch these fish in their several fisheries in the only way in which they can be caught. It takes away their rights and property; it amounts to a theft of property. It is a wrong which cannot be allowed to go unchallenged. It is an act of injustice which must sooner or later, and the sooner the better, be corrected.

The statement made in this house by the Minister of Fisheries on August 5 last, when he said, as reported at page 2454 of *Hansard:*

> It is possible for them—
>
> That is, the riparian owners.
>
> —to catch by angling if they want to use that method.

—was, I regret to say, misleading and incorrect. As I have said already, these owners cannot catch these fish by angling. In all the 120 odd miles of the river in question, there are only four or five pools in which salmon can be caught by angling. I ask the minister to keep in mind the fact that these pools are not publicly owned. They are owned by private individuals; and if they are fished by the public—and I believe they are—it is only with the permission of the owners.

For several years prior to last year the government has required the owners of these several fisheries to take out fishing licences before they put out their nets. When this matter was before the committee last year the Minister of Fisheries stated that these owners had never claimed that their rights had been encroached upon by their being compelled to take out these licences. In making that statement the Minister of Fisheries showed a lack of knowledge of the law. There is no question that the government has the right to impose a licence under the British North America Act. Under that act the dominion government has the right also to make regulations for the conservation of fish. The regulations provided that the nets used in this river should be thirty fathoms, or 180 feet in length. The practice had been for an owner to place stakes on his land and on his land under the water for a distance of from thirty to fifty feet out into the stream. The net was hung from these stakes, and then from the last stake the net was carried down river. Since the river in many places was a thousand feet wide, a net extending into it for fifty or sixty feet did not prevent the salmon from finding their way up the stream to the spawning grounds.

There is no doubt that the government has the right to make regulations. But it is one thing to regulate, and it is another thing to prohibit. It is one thing to make regulations as to how a person shall use his property, but it is an entirely different thing to say that he shall not use that property at all. The right to regulate implies the continued existence of that which is to be regulated—in this case, fishing in these several fisheries. But a prohibition takes away a right that previously existed. The effect of this regulation is not to regulate at all, but to take away absolutely this legal right in property, and that is why I have referred, as I have gone along, to this regulation as a so-called regulation. It is not a regulation at all. It is an absolute prohibition.

By orders in council passed on February 23, 1894, and February 23, 1895, the dominion government submitted to the Supreme Court of Canada a number of questions for the purpose of setting at rest differences of opinion which had arisen between the dominion government and the provincial governments regarding rivers, harbours, lakes and fisheries under the British North America Act. The riparian owners, I might say in passing, were not parties to this litigation. The case is reported in 26, Supreme Court of Canada Reports, at page 444.

The Supreme Court of Canada answered some of the questions submitted to it adversely to the dominion government, and some questions adversely to the provincial governments, and, in consequence, both parties appealed to the privy council. The privy council held that section 91 of the British

North America Act gave the dominion government the right to make fishery regulations, and that the provincial governments had no jurisdiction to make such regulations, but it pointed out that the act did not convey to the dominion government any proprietary rights in relation to fisheries but gave it certain legislative jurisdiction. The privy council in the course of its judgment said:

> It must be remembered that the power to legislate in relation to fisheries does necessarily to a certain extent enable the legislature so empowered to effect proprietary rights.

The words "to a certain extent" in this sentence cannot be overlooked. They are of the greatest importance. It was never expected nor was it ever intended that the power to make regulations would be exercised so as to deprive citizens of this country of what legally belonged to them.

During the course of the presentation of their case before the privy council, it was submitted on behalf of the provinces that if the power to make regulations was vested in the dominion government, the power might be abused so as to amount to a practical confiscation of property.

Dealing with this argument the privy council said:

> The suggestion that the power might be abused so as to amount to a practical confiscation of the property does not warrant the imposition by the courts of any limit upon the absolute power of legislation conferred. The supreme legislative power in relation to any subject matter is always capable of abuse but it is not to be assumed that it will be improperly used; if it is, the only remedy is to appeal to those by whom the legislation is enacted.

The fear expressed by the provinces when the case was before the privy council that this power if placed in the hands of the dominion government might be abused so as to amount to a practical confiscation of property has now been realized. Section 9 of these regulations has the effect of practically confiscating private property without any compensation whatsoever. It is an abuse of legislative power which must be abhorrent to any court of British justice and to all British subjects.

The questions which the privy council was asked to answer in this case had to do with differences that arose between the dominion and the provinces over their respective powers and their respective jurisdictions under the British North America Act. But there was another question which the privy council was asked. It was asked as to the rights of the riparian owners. These riparian owners were not before the court to present their case and, in consequence, the court refused to pass on their rights without hearing them. The privy council said:

> Their lordships must decline to answer the last question submitted as to the rights of riparian proprietors. These proprietors are not parties to this litigation or represented before their lordships, and accordingly their lordships do not think it proper, when determining the respective rights and jurisdictions of the dominion and provincial legislatures, to express an opinion upon the extent of the rights possessed by riparian proprietors.

It might be noted in passing that these judges observed a fundamental principle of British justice, namely, that when a man's rights are in question he has a right to be heard before judgment is passed. Their grasp of fundamental principles of British justice is in marked contrast to the manner in which the Minister of Fisheries dealt with these people when without hearing them, he passed a so-called regulation confiscating their property.

When I brought this matter to the attention of the house in August last and pointed out the injustice that had been done to these people, the owners of these several fisheries on the non-tidal waters of the Saint John river, the Minister of Fisheries at once rushed to the defence of this so-called regulation. I was surprised that he adopted this unjudicial attitude in view of the fact that a fundamental principle of British justice was involved. I was more surprised at the arguments he presented to this committee. He said that the regulation merely restricted a right; that all it did was to control the method of fishing; that these riparian proprietors had simply been regulated as to the method of exercising a right; that "We have not interfered at all with their right to fish, if they had a right"; he did not think the department had dealt unjustly with these people.

I take issue with him on the statements he made. This so-called regulation does not restrict a right; it is an absolute prohibition; it is not a control of fishing, but is an absolute confiscation of private property. These people have been treated like non-Aryans living under a nazi regime.

Mr. HANSON (York-Sunbury): That is an indictment!

Mr. HAZEN: I do not wish to become too personal about these matters. There were some things I was going to say which, perhaps, I might just as well omit. But I will say this. It is only natural that, if you prohibit absolutely the catching of fish in certain parts of a river, more fish will be caught in other parts of that river. It is only natural that if you stop all netting, all catching of fish, and allow all the fish to reach their spawning

grounds, more fish will be propagated. If the government of this country considers it advisable, either in the interests of wealthy anglers and their friends and supporters, or in the interests of commercial fishermen in other parts of the river, to take away from people in the non-tidal waters of the Saint John river their legal rights, to deprive them of their several fisheries, then I tell him that there is a right way and a wrong way to go about this matter. The wrong way is the method he has adopted by having this so-called regulation put into force. The right method is to expropriate the property owned by these people and to pay them what it is worth.

When private salmon clubs like the Restigouche or the Bonaventure wanted to improve the fishing in their river, they did not run to the government and ask it to take away somebody else's property in order that their sport should be benefited; they went to the fishermen along those streams and at the mouth of the rivers and paid them for their stands, and then they removed those stands. They acted in an absolutely legal and proper way.

I do not think there is any hon. member in this chamber who wants to see a person's property taken from him or stolen from him. But this so-called regulation has had that effect; it has taken away from these people their legal rights and property, and it has made no provision whatsoever to pay them for their rights.

The Minister of Fisheries said in August last that at some time—he did not say when—they were going to compensate these people to the extent of paying them for their boats and nets. That, as I said then, was but adding insult to injury. That is but a minor part of their claim. Their claim is based on a legal right of property. They are the owners of these several fisheries, and you cannot deprive them of their property by order in council followed by a special or any other kind of regulation.

The wrong done to these people must be righted. I regret that in the dying hours of this part of the session, I have been obliged to take up the time of this committee in discussing this matter. But I make no apology for doing so. A wrong has been done to these people. It is a wrong that must be righted, and the sooner it is righted the better.

Mr. HANSON (York-Sunbury): I do not rise to discuss this matter. I merely desire to say that the hon. member for St. John-Albert has done a great service to the people living along the Saint John river by bringing this matter so fully to the attention of the committee.

As to the legal position, I do not think there is the slightest doubt. I do not say that a property right has been taken away explicitly, but the effect of the order in council has been to take away a right which riparian owners have had since the days it was first granted. Under the constitution of the United States that would be absolutely illegal and unconstitutional; compensation would have to be made. Under our position the crown need not make compensation, but surely there is an ethical principle which should appeal to the minister. If it is the desire of the government and of the department that there shall be no further netting in the non-tidal waters of the Saint John river, thus taking away a right which has been enjoyed for nearly a hundred and fifty years, the only decent thing to do, and one which should have been initiated as soon as the order in council was passed, is to ascertain what the rights are worth and pay the riparian owners. It would not be a very large sum, and it would be to the credit of the minister if he would at once institute proceedings to have this done.

From the point of view of politics this is a cardinal mistake on the part of the minister. I do not know of anything better that he could have done for me in my riding than just what he has done. Make no mistake about that; this is a vote-getter for me and against the government, and also in the constituency of Victoria-Carleton. That, of course, is not a proper principle upon which this matter should be discussed. I congratulate the hon. member for St. John-Albert upon his study of the legal aspects of the matter. I appeal to the minister to have the legal position investigated if he has not already done so, and do justice to these owners.

One word on the question of lobsters. I regret that I was not in my place when the item was discussed a moment ago, but I was busy composing a cable to my former leader, and it was, I wish to assure the committee, a labour of love. I suggest to the minister that his handling of the lobster pack last year was an illustration of how government cannot transact private business. What happened? You had a lobster pack on your hands, and an extraordinary sum of money was spent to sell this lobster pack, 5,320 cases. In a return brought down to the house, No. 131, on November 25 of last year, on the motion of the hon. member for Cumberland, we find that a total of 5,320 cases were sold up to October 31, 1940, and that the sum of $83,139 was paid, not to the fishermen, but to the canners; that the cost of operations in

the marketing, handling and storage of the processed lobsters during the year 1940 at Halifax, Shediac, Charlottetown, and another place, was: for services, $6,733; for expenses, $2,602; making a total of $9,335, plus a sum of $538 for rental, plus $36,571 for cost of additional expenditures itemized, including $30,948 for advertising. The total expenditures, apart from the amount paid to the canners, was $46,446; the amount paid to the canners was $83,139; the total amount of the expenditure was $129,585. The actual amount received by the fishermen themselves, I venture to suggest, was less than one-third of the whole. Take away the cost, including the sum of $30,000 for advertising, take away the sum of $83,000 paid to the canners, and I suggest that not more than $40,000 of this money went to the fishermen. I am sure that half of this was paid out in the operations of the canners.

It may have been the intention of the department to help the canners, but I do not think parliament voted the money for that purpose. Parliament voted the money, if I apprehend the situation correctly, to help the fishermen and not the canners. What has been the result? Out of a total expenditure of some $130,000, I venture to suggest that less than one-third has gone to the fishermen. That is not good enough. Some other method must be adopted to deal with this industry. I suggested not long ago that the canning of small sized lobsters should be discouraged as far as possible. Anything under nine inches should be prohibited, and the propagation of the live lobster should be encouraged. It is the one method of dealing with the situation, even if the season has to be extended.

This situation arose in 1932—a short season, small lobsters. The government of the day handled it in a little better fashion. I admit that the canned lobster pack question was not to the front then. What we did in 1932 was to limit the size of lobsters that could be taken out of the water, and anything smaller than nine inches had to go back. We also extended the season for the fishermen, and the results to them were most satisfactory. Their income was more than doubled, especially in the fall. That is the only profitable method of handling the lobster fisheries. We must propagate the live lobster industry, putting the small lobsters back into the water so that they may grow and come to maturity. I suggest that, with the lobster considered such a delicacy as it is not only in our own market but in the markets of the United States, many more dollars would accrue to the primary producer than under the canned lobster industry.

In my opinion the whole situation must be reviewed, and I ask the minister to review it. Certainly the country is shocked to think that it cost this much money to sell 5,320 cases of lobster—$45,000. It is ridiculous. I do not care who is the father of this scheme; it is ridiculous. It is uneconomic; it is unsound—I cannot find adjectives strong enough to condemn it—and if the minister does not change it, he will hear further from me in succeeding years.

I know there is trouble in dealing with the situation. There is difficulty in connection with export. There is an absolute prohibition in effect so far as the other side is concerned. There is trouble in getting the product into the United States—just why, I really do not appreciate, unless it is competition with their own production. At any rate, the only solution for the lobster fishery—and I am thinking of the fishermen and not of the canners—is to propagate the live lobster industry. By so doing, I suggest that the lobster fisherman would get $5 for every $1 he now gets with his catch going to the canners.

The minister ought to look into this matter. I do not know what he is doing this year, but I presume he is following the course he did last year. I have not made inquiries. But if he does follow that course, and if he indulges in the costly advertising he did last year, he will hear from the daily newspapers of the country. If one wants to advertise an article of food, does anyone think that he should go to a high-class magazine in Canada, or to the daily newspapers where people see the advertisements? Fifteen per cent of the total amount is paid in commissions to some advertising agency in the city of Toronto. What is the connection between the advertising agency and the gentleman in Toronto who drew the $1,000 for expenses and took no salary? Is he the advertising agent? Does the minister know? I am not going to say more about that, but I should like to have an answer to that question: What is the connection between Mr. Akins, or whatever his name is, and the advertising agency? Are they one and the same person? Will the minister review the whole position?

I suggest that the minister should do everything he can to encourage the live lobster industry and to foster exports to the central provinces and the United States where the product will find a good buying market, rather than to encourage further canning of this delicacy. In so doing, he will preserve the industry. If you continue taking seven-inch lobsters, how long will there be lobsters? It is suicide; it is not conservation at all. I visualize the time when there will be no lobsters if we do not do something about the matter, and we ought to do it in conjunction with the United States on the Atlantic coast.

Propagate this wonderful sea food, preserve it, and above all, pursue that course which will bring most in dollars and cents to the primary producers.

Mr. POULIOT: Just one word. There is a word I do not understand in the remarks of the leader of the opposition. I have followed him closely for the last five minutes, but I think he made a slip. He is familiar with all the intricacies of the English language, but he said something that astounded me. He spoke of lobsters, a subject which is dear to his heart and which is appreciated by all those who are fortunate enough to eat lobster. Of course, the lobster will live; it will live long enough to be caught when it is the right size, and lobsters should not be induced to commit suicide, as the hon. gentleman has said. If the lobsters are committing suicide; if they are killing themselves, how can he blame the minister for that? The hon. gentleman should be more careful about his use of the English language. To-day he said that I had made a savage attack; that is another feather in my cap. But when he speaks of lobsters, would he be kind enough to explain to the committee how lobsters are committing suicide? Did he ever assist at one of these hara-kiris of lobsters? Is it done at the time they see the red bait when they are in the trap, or when they are still alive, ready to be broiled? The hon. gentleman must know. It must be one of the secrets of the Tory party.

Mr. CASSELMAN: Why make a joke of it?

Mr. POULIOT: The leader of the opposition made a joke of himself by using improperly the English language, a man who occupies the seat where that great philologist Arthur Meighen and that great viscount Lord Bennett of I don't know what sat. Let him explain what he meant by that.

Mr. HANSON (York-Sunbury): Do not be ridiculous. You have been ridiculous all day.

Mr. POULIOT: The hon. gentleman is ridiculous himself.

The CHAIRMAN: The item before the committee is for the administration of the Department of Fisheries. It is out of order to discuss questions of grammar or vocabulary.

Mr. MICHAUD: I regret that I cannot undertake to try to revise the great lobster industry on the principles laid down by the leader of the opposition. This committee knows well the reasons why the government was compelled to intervene in this industry. As I have already stated, it was because those interested, both fishermen and canners or manufacturers, were fearful that they would have to close and abandon that otherwise profitable industry in view of the fact that the market of Great Britain and other European countries was closed last year by reason of the war. Up to last year, 85 per cent of the annual pack of lobsters was sold on the European market; about 5 per cent went to Canada and 10 per cent to the United States market. Last year we were faced with this situation, that twenty thousand people, depending practically on that industry on the Atlantic coast for their cash crop, were to lose it. The only cash that most of them draw out of the fishing industry is from their lobster catch, which lasts six weeks of the year in each district. Now it is being stated that, owing to the policy adopted last year by the department, the fishermen suffered. Here are the facts. First I must tell the committee that it takes two hundred pounds of live lobsters to make a case of canned lobster, or, in other words, two hundred pounds of raw material to make a case which contains forty-eight pounds of canned lobster. Up to last year the fishermen were receiving for their raw material from three cents to four cents a pound. When we adopted this scheme last year and agreed to help the marketing of the catch, we made it a condition that the packers should pay the fishermen at least five and a half cents a pound for their raw material. Those who would offer their product to us and seek the help of our organization to dispose of it had to produce a certificate from the fishermen that the raw material cost them five and a half cents a pound. That is the first benefit derived by the fishermen.

This year we have again given this assurance to the trade, because last year was not a normal year. Had it been a normal year, with the success we had in marketing the pack, the government would not have intervened this year; but in view of the fact that it was an exceptionally low year, the trade was fearful that with a normal pack they could not take care of it. Again, a large number of people who depend on this industry for their livelihood would have been thrown out of employment, and we would have had to make it up by relief.

Mr. HANSON (York-Sunbury): Does the minister speak of those employed by the canneries?

Mr. MICHAUD: No, the fishermen. The fishermen do not can their fish.

Mr. HANSON (York-Sunbury): I know that. Do not tell me that. Why could these lobsters not be shipped to the live lobster market just as the other lobsters?

Mr. MICHAUD: Because there is a limit to the fresh lobster market. Anyone who knows anything about it should know that.

Mr. HANSON (York-Sunbury): The great market of 130,000,000 people that I have heard about for the last thirty or forty years cannot absorb the lobster catch of Prince Edward Island? That is nonsense.

Mr. MICHAUD: There are sections in Prince Edward Island, the Magdalen islands, the northern part of New Brunswick from which it would not be feasible to market live lobsters on the Montreal, Toronto or United States market. Fishermen from those districts cannot profitably market their live lobsters in the United States in competition with lobsters from Maine.

Mr. HANSON (York-Sunbury): Why?

Mr. MICHAUD: On account of the distance, the cost and the climate. Because of the lower temperature of the water, lobsters do not grow as large in those sections as they grow in Maine. For that reason, if the lobster is not canned, it cannot be marketed profitably. That has been established by all those who have some knowledge of that branch of the industry. If it were more profitable for these fishermen to sell their lobsters alive rather than in cans, with the added cost of the work, the waste and the capital that goes into the plant, and cans and boxes and labels, they would do so. But it is a physical impossibility.

Mr. POTTIER: There are too many fresh lobsters now on the market.

Mr. HANSON (York-Sunbury): If they fed them all in in one day.

Mr. MICHAUD: We have created a demand on the United States and Canadian markets for canned lobster such that to-day in some sections accessible to the United States market they find it more profitable to can their large lobsters and sell on that market, which is very high at the present time.

The hon. gentleman says that we spent $62,000 to market five thousand cases. That is wrong. We spent that money to help market the whole pack, which was 58,898 cases.

Mr. HANSON (York-Sunbury): Then the minister's return is wrong. I have a return certified by the deputy minister showing the total number of cases was 5,320 plus forty-five.

Mr. MICHAUD: It all depends upon what question the hon. member for Cumberland asked. The whole pack put up by the industry last year was 58,898 cases, and our endeavour was to help the industry to market that pack. We would rather not have marketed any, had the industry been willing to market it all. But they came to us and told us that they were fearful, and had had no experience in the domestic and United States markets. The most which had been marketed on the Canadian and United States markets in the past had been 15,000 cases. They were expecting to put up 70,000 cases, and they actually put up 58,898 cases. They asked us to help them to market the product. They suggested, and we all agreed to confer. We got them into a conference before the opening of the season, and it was agreed that the best way to proceed was to create a demand on the home market.

Mr. HANSON (York-Sunbury): The minister knows nobody wants canned lobster if he can get fresh lobster.

Mr. MICHAUD: Yes, but how many can afford to buy fresh lobster? In the winter time it cannot be purchased. It is available only during a restricted period of the year, and the cost of keeping fresh live lobster is tremendous. People in Toronto and Montreal are the largest customers. It would be scarcely physically possible; and even if it were possible, the price of taking the commodity to those markets, and keeping it there in a fresh condition, live, all the year round, would be so great that the cost could not be absorbed.

Mr. HANSON (York-Sunbury): Of course it could not be handled in that way. It could not be kept on the fish market, but it could be kept by those to whom the producers sell. That is so, because I have seen it done. It can be fed into the market in the early months of the year, and in the fall.

Mr. MICHAUD: Yes; but that is a limited and restricted market. It is a de luxe product.

Mr. HANSON (York-Sunbury): Quite so.

Mr. MICHAUD: We proved last year that this is a commodity which a great number of people will take, when they are educated to it. We succeeded in educating them. I shall give the committee an indication of what I mean. Last year on the Canadian market we sold 28,000 cases, while in the past we had marketed only 3,000 a year. We marketed on the United States market 30,366 cases, while in the past we had marketed only 12,000 cases.

Mr. HANSON (York-Sunbury): All right, carried.

Mr. MICHAUD: Now—

Mr. HANSON (York-Sunbury): Carried.

Mr. MICHAUD: —about advertising, we had figured on a production, last year, of 70,000 cases. We could not spend more than $50,000. We thought it was reasonable, based on the possible production of 70,000 cases.

Mr. HANSON (York-Sunbury): It does not look reasonable now, does it?

Mr. MICHAUD: Yes, it does. It was not intended to be a yearly appropriation. It was intended only for last year and, as I said before, had production last year been normal we would have discontinued it. The industry, with the cooperation of the government, has proved that the whole pack can be marketed, both in the United States and in Canada.

Mr. KINLEY: It was an innovation, to meet an emergency.

Mr. HANSON (York-Sunbury): Oh, the reserves are called up.

Mr. MICHAUD: The criticism which has been lodged by the leader of the opposition is about the only criticism we had had so far with regard to this matter.

Mr. HANSON (York-Sunbury): Then the minister has not read the daily newspapers.

Mr. MICHAUD: The daily newspapers are not criticizing. Some have asked for explanations. I am coming to that. My hon. friend knows the value of advertising. In the past, when we had a sum sufficient to spread it across the country, we did spread it among all the publications in Canada. There are 961 daily and weekly newspapers we could use. Had $50,000 been distributed among 961 publications, no single publisher would have received a great deal. We have thought that lobster can best be advertised, with only a limited amount of money at our disposal, by using coloured advertisements. We use coloured advertising exclusively, for two reasons: We think it is the most appropriate way of advertising lobsters; second, we were restricted in the amount of money we had to spend, and we thought that in view of the small amount we had, this would be the best means to get our product before the public. The result from last year's experience has proven that method to be satisfactory.

The hon. member has asked for information regarding the gentleman who carried on the advertising. I do not know his relationship with the Walsh advertising agency, except that he has had advertising experience. He holds himself out as the Toronto agent of the Walsh advertising organization, the head office of which is at Windsor, Ontario. Advertising is always placed on the same basis, namely, on a space basis. Payment is made on a tariff rate arranged among the publications in Canada, including the daily and weekly newspapers and magazines. That tariff is known and published. It is checked by the treasury, and they all charge the same rate. We have nothing to do about it; we cannot change it. The publications control those rates, and we must submit to them.

An hon. MEMBER: Carried.

Mr. MICHAUD: Pardon me; with regard to the Saint John river I would make one or two observations. I have no doubt that the hon. member for St. John-Albert was not serious when he accused me of theft. He has since given me a certificate of honesty, and I am satisfied. I suggest, however, that he was not altogether fair, nor was the leader of the opposition, when they based their whole argument on the fact that we were depriving these good people of a vested right. It was not our intention to do so, and I am sure we did not deprive them of the vested right of fishing.

Prior to last year that portion of the Saint John river above tide-water was the only non-tidal water in which salmon was netted. In all other provinces and in all other waters the netting of salmon was not permitted. The action has been taken for the purpose of conservation. This controversy has extended for many years. The leader of the opposition knows that when he was a minister representations were made—

Mr. HANSON (York-Sunbury): We resisted them.

Mr. MICHAUD: Yes, I know. But the hon. member was in a difficult position. Several of those people, availing themselves of the opportunity of taking out licences for the netting of salmon, were residents of his constituency, and also voters. I do not blame him for resisting the representations made, and for not implementing those recommendations.

But we have not deprived these people of their rights. Regulations have been enforced against these people which provide that they shall not fish after dark; that they shall not fish in months other than those between May and August; that they shall not fish with certain kinds of flies. There have been many restrictions. There were restrictions on those who did not avail themselves of the privilege of taking out a licence. We have now told them—

Mr. HANSON (York-Sunbury): The minister has been referring to regulations. The

department is legally entitled to regulate, but it is not entitled to pass a regulation which has the effect of confiscation or prohibition.

Mr. HAZEN: Hear, hear.

Mr. HANSON (York-Sunbury): There is a legal distinction.

Mr. MICHAUD: We did not confiscate. We simply said, "You shall not use your right—"

Mr. HANSON (York-Sunbury): Without permission.

Mr. MICHAUD: "—without permission, if you wish to use a set net."

Mr. HANSON (York-Sunbury): But the minister will not issue a permit. That is the effect.

Mr. MICHAUD: We say, "If you wish to avail yourself of your right to take that fish with a hook and bait, or with flies, there are no restrictions whatsoever." It has been said that these fish do not rise to a fly. Well, statistics taken last year show a different story.

Mr. HAZEN: Whereabouts? Was that not in the pools?

Mr. MICHAUD: No; all along the river.

Mr. HAZEN: Does the minister say "all along the river"?

Mr. MICHAUD: Yes.

Mr. HAZEN: I take exception to that.

Mr. MICHAUD: Last year there were 1,072 salmon and 2,529 grilse caught in that portion where fishing with nets was restricted.

Mr. HAZEN: Has the minister the number caught in the pools, and how many pools are there?

Mr. MICHAUD: No; I have not that information.

Mr. HAZEN: Were all the fish mentioned caught in pools?

Mr. MICHAUD: I cannot give that information.

Mr. HANSON (York-Sunbury): What are those figures based upon?

Mr. MICHAUD: Upon reports from the inspectors.

Mr. HAZEN: The minister knows that salmon are caught in pools by angling only.

Mr. ROWE: You said they were caught both ways.

Mr. HAZEN: The hon. member for Gaspé (Mr. Roy), who is not here this evening, has asked me to submit a question. He would like to know if the minister proposes to grant any subsidies to assist in the construction of barkentines which, I understand, are small schooners, along the Gaspé and Atlantic coasts?

Mr. MICHAUD: There is no such intention.

Mr. HAZEN: I understand that a firm known as the Canadian Cod Liver Oil Company, Limited, has established a plant at Rimouski to manufacture cod-liver oil. Has this company received any financial assistance in connection with the construction of the plant or the purchase of the land? What progress is being made at this plant? Has the minister given any consideration to the bonusing of the fishermen who supply cod-livers to the plant?

Mr. MICHAUD: A plant to reduce cod-livers has been established at Rimouski in the province of Quebec, but this company has not received any subsidy or grant from the federal government. There has been no application made to the department for the payment of subsidies to fishermen who deliver livers to this plant, and I doubt if it would be possible. I understand that this company has a system of collecting the livers along the coast and has centralized the reduction at Rimouski.

Mr. HAZEN: What amount has the plant produced up to the present time?

Mr. MICHAUD: I have not that information.

Item agreed to.

74. Fish culture, $190,000.

Mr. MacINNIS: Might we have a breakdown of this item?

Mr. MICHAUD: The particulars are given at page 85 of the estimates: Salaries and wages, $109,825; allowances in lieu of dwellings, $515; printing and stationery, $950.

Mr. MacINNIS: It is not necessary for the minister to read those items because I can see them for myself. What I wanted was the division as between the Atlantic and the Pacific coasts.

Mr. MICHAUD: With the exception of a small item for the western division, this amount is all spent in the east. A few years ago the fish culture activities which the federal government had been conducting on the Pacific coast were turned over to the province, which undertook to carry them on.

Item agreed to.

82. Special. To provide for the extension of educational work in cooperative producing and selling among fishermen, $25,000.

Mr. POIRIER (Translation): Mr. Chairman, I would like to say a few words on item 82. I want to thank the minister for the grant he has given to the school of fisheries at Sainte-Anne-de-la-Pocatière. That $8,000 grant from the Department of Fisheries has been very useful, for the last few years, to the fishermen of my constituency and to those of Gaspé. The technicians who belong to the teaching staff of the school of fisheries, and Mr. Alexandre Goudreau in particular, have organized throughout the Gaspé peninsula cooperatives which have been of immense advantage to our fishermen. I call this item in particular to the attention of the minister and I hope that the grant will be continued. Already the different cooperatives organized have 1,681 members belonging to 11 syndicates operating, thanks to the grant which the Minister of Fisheries has allocated to the school of fisheries of Sainte-Anne-de-la-Pocatière for the last few years, and as the estimates have been reduced, I am afraid that the minister might reduce the grant. Should the minister discontinue or reduce the grant to the school of Sainte-Anne-de-la-Pocatière, I fear that the cooperatives and the syndicates which have helped our fishermen to recover from a very difficult situation could not survive by their own means, as they are not strong enough yet. I beg the minister to show the same sympathy to the school of Sainte-Anne-de-la-Pocatière and to continue the grant through which the cooperatives and syndicates of Gaspé have been developed to the point where they have sold last year over 6 million pounds of fillets.

Item agreed to.

83. To provide for assisting the salt fish branch of the fishing industry, $400,000.

Mr. HAZEN: How much of this vote was expended last year?

Mr. MICHAUD: The payments were as follows:

Province	Number of fishermen	Amount
Nova Scotia	8,973	$169,203 32
New Brunswick	2,768	35,073 30
Prince Edward Island.	629	11,398 74
Quebec	6,239	117,629 00

Included in the latter amount are payments to 2,553 fishermen in the Magdalen islands, totalling $48,210.69.

Mr. NEILL: What about British Columbia?

Mr. MICHAUD: There were no payments in British Columbia because they produce no salt fish.

Mr. KINLEY: What is the total for the maritimes?

Mr. MICHAUD: It is $333,680.95.

Mr. HAZEN: I do not wish to take up time unduly to-night, but did I understand the minister to say that the number of fishermen assisted was 2,768?

Mr. MICHAUD: That is right.

Mr. HAZEN: Would the minister at his convenience furnish me with the number of persons assisted in each county of New Brunswick in which assistance was given, the names of such persons and the amount they received?

Mr. MICHAUD: I think that can be done. If the hon. member asks for that information, we shall try to get it.

Mr. HAZEN: It will be a long answer, but I should like to have it.

Item agreed to.

DEPARTMENT OF FINANCE

49. National Housing Act, administration, $89,390.

Mr. NICHOLSON: I have the National Housing Act of 1938 before me and, according to the preamble "it is in the national interest that a limited experiment in low-rental housing should be undertaken now, creating needed employment and directing public attention to the importance of housing problems generally, and providing a basis of experience on which the provinces and municipalities may follow sound and proven policies in the future." Then by section 3 the minister, with the approval of the governor in council, may:

(a) carry on or arrange for the carrying on of investigations as to housing conditions and the adequacy of existing housing accommodation in Canada or any part of Canada and as to the best means to be adopted to improve housing conditions.

Would the minister make a statement regarding the position in Canada at the present time as a result of the work of the housing administration in accordance with section 3 (a)?

Hon. J. L. ILSLEY (Minister of Finance): I am not prepared to deal adequately with that question to-night. The hon. gentleman is really asking me to give the committee a survey of housing conditions all over Canada. It would be a pretty lengthy undertaking, and I am not in a position to give it to-night.

Mr. NICHOLSON: I am sorry I was not in the house a week ago Monday when a discussion took place on the tax on building materials. To my mind, as I indicated when discussing the budget on May 7, housing is one of the most important national problems at the present time. If the minister cannot give this information to-night, would he agree to let this item stand until to-morrow and give the committee the information then?

Mr. ILSLEY: If the hon. gentleman wants the information for himself I shall get it for him; but if he wants it for the House of Commons he is asking for it at a very inconvenient time in the session. His question would involve a survey of housing conditions throughout Canada, and to cover that would require a forty- or sixty-minute speech. Generally speaking, I may say that there is a war-time housing problem, and that is the immediate and pressing housing problem. That is being solved by War-time Housing Limited, which is a corporation set up by the Department of Munitions and Supply. The problem with which that corporation is concerning itself has not much to do with the National Housing Act.

The National Housing Act, as the hon. gentleman has stated, was passed at a time when there was unemployment in the country, and had as one of its objects the furnishing of employment and the encouragement of building because there was unemployment at that time. That particular reason no longer exists, although perhaps there are some other reasons why the housing act should be carried on. Consideration is being given from time to time to the National Housing Act. We have not yet terminated it; we are still carrying it on. It provides assistance to private builders of houses, and there is a considerable demand. On the other hand, it is just a question whether the government at a time like this should go into any expenditures or incur any obligation to assist in the private building of houses. The two problems are entirely separate. The war-time housing demand exists in localities where there has been a rapid expansion of war industry and where temporary housing would probably not be required after the war. That is one problem. The other is to assist persons to own their homes at reasonable prices with government assistance. That is another problem entirely, and we are certainly not extending the field of those operations. More and more people now are able to assume those responsibilities themselves.

Mr. NICHOLSON: I am still not satisfied with the answer which the minister has given. I know that a war-time housing administration has been set up, but according to a return tabled on June 4 there were not any housing units completed up to May 1. Contracts had been let in Halifax, New Glasgow, Dartmouth, St. Catharines, Welland, Merritton, Hamilton, Fort Erie, Peterborough and Fort William. As I pointed out on May 7, I believe the government is not attaching sufficient importance to this phase of our war effort. On that occasion I mentioned that in the United States in the last war there was a wastage up to 10 per cent as a result of not having housing available in strategic centres. The Minister of Munitions and Supply stated this afternoon that we are embarking on a $400,000,000 munitions undertaking. Five per cent is a very conservative estimate in view of our serious housing shortage to-day compared with conditions at the beginning of the last war, because we have a surplus of possibly 1 per cent of houses in Canada to-day compared with 7 to 15 per cent of vacant houses at the beginning of the last war. Supposing there is a 5 per cent wastage, we are going to run into a tremendous outlay. We have set aside $10,000,000 for war-time housing, but I am not at all satisfied that the government are giving the direction to this problem which they should. The personnel of the directors would indicate that they are dollar-a-year men who are giving their services free of charge. As I pointed out the other day, I think we should have men, and women too, directing the affairs of this organization on a salary basis. In my opinion there are too many dollar-a-year men directing important undertakings.

The CHAIRMAN: I am sorry, but the hon. gentleman is now discussing the war housing scheme, which is not before the committee. We are discussing the housing act.

Mr. NICHOLSON: Well, according to section 3 of the act the minister is charged with carrying on or arranging for the carrying on of investigations as to housing conditions and the adequacy of existing housing accommodation in Canada or any part of Canada and as to the best means to be adopted to improve housing conditions. I shall try to confine my remarks to the various clauses of this act.

With regard to the situation in Halifax, the hon. member for Rosetown-Biggar made some reference to the serious shortage in that important centre, and I am told that he was called to task by one of the hon. members for that city. I find in the Halifax *Chronicle* of June 4, a letter written by Doctor H. B.

Atlee, of the medical faculty of Dalhousie university, in connection with the situation which exists in that city.

Your columns this morning contain the information that Mr. M. J. Coldwell has been "censured in some quarters" for bringing to public attention the condition of the slums of this city. Surely this represents ostrichism in its blatant and unabashed form—that ostrichism which, head hidden in the sand—

The CHAIRMAN: Order. Again, this refers to a war condition which is intended to be taken care of by the war housing scheme, and therefore the housing act has nothing to do with the conditions to which reference is made.

Mr. MacINNIS: Does the chairman assert that there would be no housing difficulty in Halifax if it were not for the war? There is a housing condition existing in every city in Canada, war or no war. It is really nonsense to say that there is no housing trouble in Canada except that which is caused by the war.

The CHAIRMAN: I am not suggesting that. I am suggesting, if I understood rightly the article which the hon. member was reading, that it refers to a housing condition created by the war. If I am not correct; if this is a condition which could be covered by the housing act, that is different.

Mr. NICHOLSON: I think, Mr. Chairman, if you listen to the letter, you will agree that it—

Mr. ILSLEY: Mr. Chairman, on a point of order—and I am just asking for a ruling on this—is it not contrary to the rules of the house to permit a newspaper letter to be read in answer to a speech of a member of this house? I listened to the hon. senior member for Halifax the other day, and it was quite open, I should think, during that debate, and perhaps at the present time, for an hon. member to answer his speech, but to read a letter from a citizen of Halifax rebutting the speech of a member of this house, is, I believe, strictly against the rules.

Mr. HANSON (York-Sunbury): That is right.

Mr. MACKENZIE (Vancouver Centre): Yes; that is so.

The CHAIRMAN: On the point of order, it is not in order to read articles from newspapers or letters written by private persons outside the house. Some brief reference can be made to them, and to articles in newspapers, but it is an abuse if the whole article or a lengthy letter is read. If no exception is taken, sometimes it passes as a measure of latitude given to an hon. member. But it is against the rules of the house to read articles from newspapers or private letters which originate elsewhere. Brief references to them may be made, but the reading of such documents is against the rule.

Mr. NICHOLSON: I am very glad to bow to your ruling, Mr. Chairman. I refrain from making further reference to this letter. I should like to urge hon. members to read the Halifax *Chronicle* of Wednesday, June 4, and see what a distinguished medical practitioner in the city of Halifax says about the urgent housing problems of that city. Since I am not permitted to proceed along that line, I wonder whether the minister would make a statement regarding section 3 (b):

. . . investigations as to plans or proposals that have been adopted elsewhere than in Canada. . . .

I should imagine that his national housing organization, in carrying out the provisions of this act before the war-time housing scheme was set up, would have instituted a survey of housing problems across Canada, and I do not think it is too much to ask the minister to give the committee the result of findings made by that administration to cope with an urgent problem.

Mr. ROSS (St. Paul's): I have listened with great interest to what the hon. gentleman has had to say. I have been connected, as a matter of fact, with the Toronto housing company for a great many years. I thoroughly approve the stand which the government are taking to-day in connection with their temporary housing arrangements. I do not think this is an appropriate time for the government to spend money on permanent homes; the government need the money for war-time expenditures. I thoroughly approve the government's plan. Furthermore, these people who will be housed in various sections of the country owing to the contingencies of the moment will probably not remain in those districts after the war. Therefore we do not want to build up in the different communities a permanent provision for something which is not going to be permanent. I approve the plan of getting people to buy war savings stamps, invest in victory loans, and so forth. They will have something stored away, so that when the war is over they will be provided with some capital, will be able to return to the communities whence they came, and where permanent businesses will be established, and have some resources to go on with. Then, I believe, will be the time for the government to provide money for the construction of permanent homes.

If I may have the indulgence of the committee, because I must plead that I was a little deaf in missing the item when it came up, I should like to revert for a moment to item *46*. I shall not occupy more than a minute or two.

Item *46* relates to a question of administration. I hold in my hand the report of the standing committee on banking and commerce, under date of Thursday, June 1, 1939. This committee was set up for the purpose of going into the monetary system of Canada, and it served a useful purpose. We had before us a great many witnesses, and those hon. members who sat on the committee had an opportunity to air their own particular theories and views. I am sure the minister will agree with me when I say that the meetings of that committee, at which we had evidence from such distinguished men as Mr. Graham Towers and Mr. Clark, have stopped a great deal of talking in the House of Commons by hon. members who know nothing whatever about banking or commerce. I admit that, having been a member of that committee, I did glean a little knowledge, and I think we got some idea of how little everybody knows about the monetary system to-day. I would refer to this statement in the committee's report:

> Your committee has been unable in one session of parliament to complete its study of so wide a subject and recommends that the study of the subject be continued during future sessions of parliament.

All the members of the banking and commerce committee, the hon. member for Queens-Lunenburg (Mr. Kinley), the hon. member for Rosthern (Mr. Tucker), the hon. member for Vancouver-Burrard (Mr. McGeer) and all others, took an intense interest in the study which we carried out that time. We heard many witnesses, and a great deal of good was accomplished. I was going to make a suggestion. We have had a considerable amount of discussion on the budget. We have talked a great deal about it, and there are a good many members of the house—I say this with all due respect to all the members of the House of Commons including myself—who do not know everything. As a matter of fact, sometimes a good many of us have talked about things we do not know very much about. We are going to have to raise more money during the war, and my suggestion is that we have a meeting of the banking and commerce committee again along these lines.

I am sure the members of the committee will all be glad to serve on it and to give their time and talents to the work, with a view to offering the minister suggestions which would help him in his work. We could study the monetary system and also the principles of taxation. I might refer the minister to a few remarks he made in connection with taxation. He admitted on several occasions that he was inexperienced, and I do not think that is to his discredit. He has done a marvellous job in a great many ways, and it is all the more credit to him to admit his inexperience in some matters. Not only that, but he has imposed certain taxes which he has had to take back, and I admire him for so doing.

At any rate, I believe that a good deal of controversy could be eliminated in the way I have suggested, if the banking and commerce committee were allowed to convene next October, or whenever we come back, and call witnesses.

The deputy minister in his report has given some outstanding information. I certainly give him credit for it. No one knows more about most of these matters than Mr. Towers, and his views were very useful. The trouble is, there are so many subjects connected with the question of taxation. It is a study in itself. The law of diminishing returns is something that must always be kept in view. I am not a student of economics, but I have a little common sense and that is all we need. Without disclosing any idea of what there was going to be in the budget, the minister would get a vast amount of information from all parts of the country, from all members of the committee. From my own observations in the banking and commerce committee I doubt very much if another body of men could be found in Canada with a broader knowledge of three things—human nature, psychology, and banking and business.

I would also compliment the chairman of the committee, who is an economist of no mean understanding. There are a great many men in this country whom we could have before us, who have their own ideas. We could find out many things that would be helpful. We could have before us people from various parts of Canada, the westerner and the easterner, expressing their respective points of view with regard to taxation. Principles would be discussed, and everything would be done without disclosing what the budget would contain. We could get the advantage of the best brains in the country.

The minister has been so frank in some of the statements he has made in connection with taxation that I would urge upon him the

importance of having the banking and commerce committee functioning. The minister knows how broad the whole subject is. I know the hon. member for Queens-Lunenburg and all the other members of the committee will bear me out.

Mr. BLACKMORE: I wish to associate myself with the hon. member for St. Paul's (Mr. Ross) in advocating that the banking and commerce committee be used for the purposes he has outlined. I am positive that before long the government will see its need to know more about money than it does at the present time; the most reactionary people will learn something progressive about money. I therefore take pleasure in supporting his proposal.

Mr. CHURCH: Under the national housing act a great deal of good work has been done in the outskirts of some of the larger cities; but during the debate the other night when reference was made to the administration of the act, and the details of the item on page 79 of the estimates, it was not pointed out that the whole thing grew out of what was done by the Bennett government when my motion for a housing committee was adopted. In 1935 a committee was appointed on this motion to consider the whole housing and reconstruction situation. It sat for three months and brought down a splendid lot of recommendations which resulted in the setting up of this act and a federal housing policy, and according to the figures given by the minister, something like $50,000,000 has been spent to date on it. One resolution which I myself proposed was adopted, namely, that the work should be done not by a government department but through the banks. The work has been well done, and I trust that, in view of the high cost of building, the need of small homes in cities and the high rates of interest—six and a half and six per cent, and some of the shark loan companies take bills of sale and chattel mortgages—the minister will take some steps to work out a continuing policy for the next few years of small houses which are badly needed.

There is some duplication in the administration of this department since the war started, and War-time Housing Limited is building these fabricated houses in Halifax and other places. I was looking over the situation in Toronto the other day, and I appreciate the work the department has done. I hope they will still continue and extend it, and take some measures through the banks or loan companies to advance money to these small wage earners, many of them munition workers, for the building of small houses. The Bruce report on housing in Toronto did not build any houses; it got some torn down because the city amended the by-laws, but the city of Toronto was one of the pioneers in housing. I do not agree with what was said here some three weeks ago about Toronto. Toronto has no slums; it has a few dilapidated houses, but the statements made were totally incorrect. Anyone visiting the outskirts such as Leaside would see many excellent small houses. Travelling between Toronto and Muskoka and Parry Sound and other parts of new Ontario, one sees unsuitable dwellings. I hope this work will not be forgotten during war time because it is one of the most necessary things the government can do, and this department has done good work.

Mr. NICHOLSON: Would the minister answer my question about the survey work carried on by this department prior to the setting up of War-time Housing Limited?

Mr. ILSLEY: The national housing administration ever since it was set up has been making surveys in various parts of the dominion so as to acquaint itself with housing needs. That is in the ordinary course of its work in administering the National Housing Act. The surveys they made, the information they gathered, were of value to the government when the government was formulating its policy with regard to war-time housing. The government has full appreciation of the importance of supplying housing, seeing that temporary housing is furnished for these war industry centres, Halifax for example. But as I said, that is a different field of activity from that of the national housing administration. The tendency will be not to extend the national housing administration activities, but the acute housing problem in various parts of the dominion brought about by war conditions is being attended to by War-time Housing Limited, which is under the department of my colleague the Minister of Munitions and Supply, not the Department of Finance.

Mr. NICHOLSON: According to an order in council passed on February 24 set out in section 4, paragraph (c), it would be the duty of War-time Housing Limited to draw upon the personnel and other technical resources relating to housing at present in the government service, and in particular to utilize the services of the housing branch of the Department of Finance. In the order for return part of my question was:

Were members of the staff of national housing moved to Toronto and later brought back to Ottawa? If so, for what reason?

And the answer to that was:

Some members of the housing administration, Department of Finance, were temporarily moved to Toronto to assist in the organization of War-time Housing Limited. When their services were no longer required in this connection they returned to Ottawa to the housing administration.

Would the minister explain the relationship between those two departments? Why were some sent to Toronto and then called back, and what is their present position?

Mr. ILSLEY: At the present time there is no relationship between them, except that national housing administration is making available information they gathered. But employees of the national housing branch are not now working for or in War-time Housing Limited. War-time Housing Limited has perfected its own organization, and the initial assistance which it received from Mr. Nicolls and this branch has ceased. The employees who went to Halifax to assist at the beginning have come back to Ottawa, and the two organizations are now separate.

Mr. NICHOLSON: From the speech the minister made on June 2, I gather that he plans on national housing going out of business. He indicated that while national housing activities are all right in peace time, now the job should be done by war-time housing.

Mr. ILSLEY: They are two different jobs. I did not, I think, say anything to the contrary on June 2. I have said that the tendency is to curtail and not expand the activities of the housing branch, but that is different from going out of business. The hon. gentleman must realize that they have a tremendous job to do in any event with regard to the present investment the government has in all parts of the country in housing. No decision has been reached to cease further advances under the National Housing Act.

Mr. NICHOLSON: I understand that the rules prevent me from reading from previous debates, but the minister's reference on June 2, carried to its logical conclusion, would mean that national housing would automatically fold up for the duration of the war. I have been trying for six weeks to get information as to what War-time Housing Limited is doing, and I think the minister's department, the Department of Pensions and National Health, which has also done a good deal on the housing question in Canada, and the national research council, which has carried on very valuable research work, should be used by War-time Housing Limited.

I referred to this order in council passed on February 24, and I find that another order in council passed later, on April 24, rescinds that very important section. Would the minister explain what is happening? I think it was good business to pass the order in council of February 24 saying that—

. . . it may draw upon the personnel and upon the economic and other technical resources relating to housing presently available in the government service, and in particular shall utilize the services of the housing branch of the Department of Finance.

Therefore some explanation should be given why it was decided on April 24 to reverse that policy.

Mr. ILSLEY: I gave the explanation. The employees of the national housing branch assisted War-time Housing Limited in the initial stages. Then it was decided by War-time Housing Limited that it would be preferable for them to go on with their own organization, not using the employees of another branch of the government. By mutual consent it was decided that those employees should return and continue in the employ of the national housing branch.

Mr. MACKENZIE (Vancouver Centre): Might I intervene to say that by consent it has been arranged to sit until midnight. Therefore a formal motion will not be necessary.

Mr. NICHOLSON: According to this return the staff of national housing was moved to Toronto—

Mr. ILSLEY: Some members of it.

Mr. NICHOLSON: —to assist in the organization of War-time Housing Limited. How long were they there, and how extensive was their work in setting up War-time Housing Limited? I have been trying to find out what is going on in War-time Housing Limited. I still think they are not very well organized. How long was the staff of his department setting up War-time Housing Limited? How long did they work?

Mr. ILSLEY: Some of them were in Toronto nearly a month; some, not so long.

Mr. NICHOLSON: I realize that members of the committee are anxious to complete the business, and I certainly would not take the time of the committee unless I considered that this was an urgent question which is not receiving the consideration on the part of the government that it deserves.

Mr. ILSLEY: The hon. member is wrong about that, I can assure him.

Mr. NICHOLSON: There are three departments of government which have given important consideration to this problem. My information is that their services are not being used by War-time Housing Limited. I refer to the

Department of Pensions and National Health. I have before me a pamphlet they produced in 1938. It indicates that they have made a careful study of the whole question of housing, as it relates to the public health of Canada. I commend the department for this excellent publication. The bureau of national research has carried on scientific work in this field. My information is that their research facilities and their services are not being used by War-time Housing Limited.

The minister has not satisfied me so far as to why this order in council was passed on February 24, requiring the personnel of the national housing administration to be used by War-time Housing Limited. These are men who had training in their particular field. They are men over whom we have some control. On the other hand War-time Housing Limited is under the control of a group of directors who are serving on a dollar-a-year basis, without remuneration. They have engaged one Victor T. Goggin as general manager at $10,000 a year. I suggest that this procedure does not establish confidence in the minds of the people who have been interested in this problem.

The CHAIRMAN: The hon. member is discussing the hiring of a man by War-time Housing Limited. That has nothing to do with the subject matter before the committee. Whether or not the Department of Munitions and Supply has hired a man at a salary of $10,000 is not relevant, so far as the present item is concerned. It might be considered when we are discussing the estimates of the Department of Munitions and Supply.

Mr. COLDWELL: As I understand it, the hon. member is asking why the organization already in existence has not been used, and why another organization has been set up. That is his point.

Mr. ILSLEY: Yes, I know. I have answered the point, as best I can. I have told about the beginning of the activities of War-time Housing Limited in Toronto. I have told how Mr. Nicolls assisted in the initial stages. I have described how it was decided, by mutual consent—certainly it was the opinion of War-time Housing Limited, and I believe it was also the opinion of Mr. Nicolls—that it would be better if War-time Housing Limited got together its own staff and its own organization, thereby permitting Mr. Nicolls' staff to return to Ottawa. They had plenty of work to do, themselves.

It was considered desirable that those two organizations continue separately, instead of together. Because the terms of the order in council seemed to make it obligatory upon the members of the national housing administration, the employees of the national housing branch, to serve in War-time Housing Limited —something which War-time Housing Limited, after a trial, considered undesirable, and a consideration in which Mr. Nicolls concurred—the change in the order in council was made.

Mr. NICHOLSON: I believe hon. members in all parts of the house are proud of the accomplishments of the national housing administration. The minister stated that prior to the setting up of War-time Housing Limited, a survey had been made regarding needs in Canada. That was part of the routine work of national housing. Can the minister give any good reason why the national housing administration could not have gone on and carried out the work now being undertaken by War-time Housing Limited? Could it not have done that work more efficiently and more economically for the Canadian taxpayer?

Mr. ILSLEY: That is a different matter altogether. They could not do both.

Mr. NICHOLSON: Why not?

Mr. ILSLEY: Because they have too much to do in the national housing end of the work. The national housing branch has a long-term and a steady job, of a particular type. They are working on one problem, while War-time Housing Limited is dealing with a temporary and a different type of problem altogether. It is dealing with temporary, government-built and government-owned houses. Other houses are not government-built or government-owned. They are permanent houses, privately built, with government assistance by way of loans. It is a different matter entirely.

We felt that the building of temporary houses was a war-time problem, a temporary problem, and one of the type for which the Department of Munitions and Supply was designed. The Department of Munitions and Supply did take charge of the problem. They used our employees for a while and, under circumstances I have indicated to the committee, they decided that it would be better for them to go on with their own organization, completely, and to let the national housing administration continue with its good work.

Mr. NICHOLSON: If I understood the minister correctly, he pointed out that before War-time Housing Limited was set up, the national housing administration went to those points where there were acute housing problems, and carried out their survey work.

Mr. ILSLEY: Yes.

Mr. NICHOLSON: Were they not making a plan to deal with this problem? Were they not changing national housing activities so that they could enter the field of pre-fabricated houses, or temporary houses? Was there any definite reason why the national housing administration might not enter the temporary housing field, and do it more economically and more efficiently than War-time Housing Limited?

Mr. ILSLEY: It was thought they could not.

Mr. NICHOLSON: Why?

Mr. ILSLEY: They may have had plans to do that, but it was decided by the government that the other plan would be the better way of doing it.

Mr. NICHOLSON: I say that the minister is handing over $10,000,000 which should be given to the national housing administration. That is something to think about, and something which ought to be the concern of this committee. I realize that a discussion of War-time Housing Limited activity does not come under this vote, and I must bow to the ruling of the Chair. But I suggest that the minister of this department has something to answer for.

Mr. ILSLEY: Of this department, do you say?

Mr. NICHOLSON: Yes, the department of the Minister of Finance has something to answer for in failing to keeping the activities under a government-controlled organization—

Mr. ILSLEY: I have no ambition to take charge of war-time housing, I can assure the hon. member. It is not the function of the Minister of Finance to regulate housing. In this instance its functions are predominantly those of lending, on good credit.

Mr. NICHOLSON: And you are still going to lend.

Mr. ILSLEY: So long as we carry on the administration of the National Housing Act. We administer that act which has to do, mainly, with the lending of money to private individuals. That is a different matter altogether from building houses. Even if I had the power, I would not let the Department of Finance go into the business of building government houses.

Mr. NICHOLSON: But the Minister of Finance is going to hand over $10,000,000 of the taxpayers' money.

Mr. ILSLEY: Yes.

Mr. NICHOLSON: To War-Time Housing Limited?

Mr. ILSLEY: Yes.

Mr. NICHOLSON: I think it would be much better to have that $10,000,000 spent under the minister's supervision, on a lending basis, if necessary, for the use of corporations which are going to need additional housing.

Mr. ILSLEY: I disagree.

The CHAIRMAN: Does not the hon. member realize that he has been discussing War-Time Housing Limited? We are not discussing the National Housing Act in the terms he has indicated. The hon. member has stated his case more than once, and the minister has answered. I believe I am quite fair in drawing the hon. member's attention to these facts.

Item agreed to.

50. Old age pensions, including pensions to the blind, administration, $42,320.

Mr. GREEN: Has any consideration been given to the provision of some sort of cost of living bonus for old-age pensioners? I realize there will have to be some discussion with or endorsation by the provinces—at least, I presume there will have to be because they pay a portion of the old age pension. We find in our districts that these old people are suffering a great deal because of the increased cost of living, while their pensions remain strictly limited. I suggest that this problem should receive the serious consideration of the government, particularly in view of the fact that Canada is the most backward country in the British empire with regard to old age pensions and general security legislation.

Mr. ILSLEY: We have received quite a number of representations, but we have not taken any action nor have we given the matter extended consideration. It would require an amendment to the act to raise the amount beyond $20 a month, and there would have to be new agreements with all the provinces. The cost of living has not advanced more than 7 or 8 per cent since the outbreak of the war, and I do not think there would be a sound reason for amending the act and entering into new agreements.

Mr. GREEN: Has the government received any representation from any of the provincial governments?

Mr. ILSLEY: Not so far as I can recall; I think they have all been from private individuals and organizations.

Mr. GREEN: Is the government willing to negotiate with the provinces?

Mr. ILSLEY: I could not say, because the question has not been considered by the government. I am more than doubtful about the provinces being willing to do it although I have no definite information on that.

Mr. NEILL: Did the minister say that he had received no representation from any of the provinces, from British Columbia, for instance?

Mr. ILSLEY: I do not think any representation has been received from any provincial government.

Mr. NEILL: My impression is that the matter was discussed in the local house and that a resolution was passed, but I may be wrong. I noticed in the papers yesterday that the electric railway men in the home town of the hon. member for Vancouver South have been given a wage increase of six cents an hour, which works out more nearly to a 12 per cent increase than 6 or 7 or 10 per cent. A 10 per cent increase on the $20 would be $2. That may not seem much to us, but it would mean a great deal to these old people. We have only to look across the line at Washington where for some time they have been receiving something like $30 a month.

Mr. MacINNIS: This is a matter of great concern to the old people of Canada. If we take the dominion as a whole, at least 50 per cent of the population over seventy years of age are in receipt of old age pensions. This pension of $20 a month provides only for a niggardly means of sustenance. The average pension received does not amount to $20 a month. A return tabled a few weeks ago by the Minister of Finance gives the following average pensions:

Alberta	$18.56
British Columbia	19.12
Manitoba	18.70
New Brunswick	14.65
Nova Scotia	14.92
Ontario	18.56
Prince Edward Island	11.32
Quebec	15.66
Saskatchewan	16.93
Northwest Territories	20.00

It is only in the Northwest Territories that the full pension is paid. The minister said that the cost of living has risen some 7 or 8 per cent. The papers to-day give the figure as being almost eight per cent. The old age pension received in New Brunswick, Nova Scotia, Quebec and Saskatchewan is $15 or less, and 8 per cent of $15 would be $1.20. What it really amounts to is that, instead of getting $15 a month, these old people are getting less than $14 a month.

We are making provision for the payment of bonuses to people in industry. In many instances this is being done, not to make adjustments, not because we think they should have it, but because we are afraid if they do not get it they will make trouble. Surely we should not overlook these old people who are not in a position to make trouble, who must take what they can get and get along with it. When, as was pointed out a moment ago, the government can provide $10,000 a year for a man who is going to do something that we do not know about as yet, surely it can do something for the old people of this country.

Mr. JAQUES: I should like to associate myself with those hon. members who have spoken on this subject. I have spoken on it quite often in the past, but apparently with no success. I should like to make a few remarks because I think this matter has an important bearing upon the economy of this country. As the hon. member for Vancouver South has said, Canada lags behind every other country in the British empire in the matter of old age pensions, both as to the age limit and as to the amount. I do not know why the age limit is set at seventy years, unless it be that according to the good book, if a man is not dead at seventy, he ought to be.

Mr. MacINNIS: They do not think he will live long after that.

Mr. JAQUES: Small as the maximum pension is, most of the recipients receive even less. I have often wondered why Canada lags behind in old age pensions. There are psychological reasons. I believe it is because we are supposed to be a thrifty people. It is thought that if a man has been a virtuous citizen he should be able to provide for his old age. If he has not been able to do so, then he should be punished for his sins in the past. Originally thrift meant putting a thing to its best use, but to-day it means nothing more or less than saving money. I tried to prove in the committee on banking and commerce, but in vain, that no man can save money except at the expense of the community. It is bound to cause a shortage in purchasing power. What is the purpose of this drive to encourage savings, if not to decrease purchasing power? The reason for this is the war, but the war will not last forever. I want to be on record with regard to this matter.

I can only hope that the policy we followed after the last war, that of deflation, will not be followed after this war is won. We shall have to do the opposite, and I do not know a better way of putting out fresh purchasing

power than through the old age pensions, by increasing the amount of the pension and by lowering the age at which it is payable.

For those who might object to my statement that an individual saves money only at the expense of the community, let me put it in this way: If a man saves money he is producing more than he is consuming—I think there can be no argument about that—or he is selling more than he is buying. If he succeeds in doing that, someone somewhere must be buying more than he is selling, and the unemployment problem in all countries is partly due to this craving for saving money. For the benefit of those who do not agree with these ideas, let me quote briefly from "Essays in Persuasion" by John Maynard Keynes. He says this on that subject:

> There are to-day many well-wishers of their country who believe that the most useful thing which they and their neighbours can do to mend the situation is to save more than usual.

This was written in 1932, and at that time there was a depression, which we are promised we shall have when this war is over—unemployment and depression. Keynes wrote in similar circumstances after the last war. He goes on:

> If they refrain from spending a larger proportion of their incomes than usual they believe that they will have helped employment. If they are members of town or county councils they believe that their right course at such a time as this is to oppose expenditure on new amenities or new public works.
>
> Now, in certain circumstances all this would be quite right, but in present circumstances, unluckily, it is quite wrong. It is utterly harmful and misguided—the very opposite of the truth. For the object of saving is to release labour for employment on producing capital goods such as houses, factories, roads, machines, and the like. But if there is a large unemployed surplus already available for such purposes, then the effect of saving is merely to add to this surplus and therefore to increase the number of the unemployed. Moreover, when a man is thrown out of work in this or any other way, his diminished spending power causes further unemployment amongst those who would have produced what he can no longer afford to buy. And so the position gets worse and worse in a vicious circle.
>
> The best guess I can make is that whenever you save five shillings, you put a man out of work for a day. Your saving that five shillings adds to unemployment to the extent of one man for one day—and so on in proportion.

The CHAIRMAN: Order. The hon. gentleman can make a brief reference to the text, but surely he cannot read page after page of a book.

Mr. JAQUES: I have not read a page yet, Mr. Chairman.

The CHAIRMAN: I am sorry but—

Mr. JAQUES: I have only three lines more, and I think it is a pity to spoil this quotation.

Mr. MacNICOL: What book is my hon. friend reading from?

Mr. JAQUES: It is "Essays in Persuasion" by John Maynard Keynes, an economist of some note and not a Social Crediter. Great minds think alike, as I may remind the hon. gentlemen. To conclude this quotation:

> On the other hand, whenever you buy goods you increase employment—though they must be British, home-produced goods if you are to increase employment in this country. After all, this is only the plainest common sense. For if you buy goods, some one will have to make them. And if you do not buy goods, the shops will not clear their stocks, they will not give repeat orders, and some one will be thrown out of work.

The CHAIRMAN: The hon. member has crowded a lot of material into three lines.

Mr. COLDWELL: He lost his place and found another one.

Mr. JAQUES: Yes; I missed my place and I think I read one part over twice. This passage seems to cause some merriment, but let me put this to hon. members. What was the position of this country before this war started as a result of the policies which they evidently still believe in? The Prime Minister of Great Britain said, "Never did so many owe so much to so few," and that applies to us in this country just as much as to anybody else. I say that the policies of deflation which were adopted after the last war not only made this war inevitable but made it impossible for those countries which followed these policies, and stayed with them to provide themselves with adequate protection.

Mr. COLDWELL: When the estimates of the Minister of Mines and Resources were before the committee, I drew his attention to the fact that persons who had lived in the Yukon and had removed to other provinces were not entitled to count their residence in the Yukon for pension purposes in the province to which they removed, and that this causes a serious hardship to a comparatively small number of aged people. I was hoping that some consideration might be given to straightening out that difficulty and relieving these few aged people of the distress which is thereby caused. I am not going into particulars of this case because I mentioned it the other evening, and no doubt it has been brought to the attention of the department.

I thoroughly endorse the requests of those who to-night have asked for a bonus, or, what is better still, an increase for the aged people who are in receipt of the pension. The cost of living is going up. The staple articles which they use have gone up in price, and the new

taxes on sugar and on other commodities containing sugar still further increase the cost of living for these aged people and the blind.

Mr. ILSLEY: If I may interrupt for a moment, is it not true that a dollar will now buy more than it would in 1927 when the Old Age Pension Act was enacted?

Mr. COLDWELL: It depends upon how you spend the dollar. So far as foodstuffs go, the minister is probably right. But that does not alter the fact that the pension is insufficient. May I point out that we have a very large number of people in Canada in receipt of old age pensions. I have here a copy of the report on the administration of old age pensions and pensions for the blind in Canada for the fiscal year ended March 31, 1941, and I find that we have altogether 185,946 pensioners, old age and blind. To me it is a striking commentary on our economy and on the economy of certain provinces to look over the list and note the percentage of pensioners in the various provinces. When I went west thirty-one years ago I remember how at that time we thought we were going to a new land where in later years there would be security for all who toiled there. But when I look at the figures for Saskatchewan I find that 59·6 of all persons over seventy years of age are in receipt of an old age pension. In Alberta the percentage is 56·56; in Manitoba, 55·33 per cent; in British Columbia, 49·79 per cent; in Nova Scotia, 51·62 per cent. The worst, of course, is New Brunswick, with 61·83 per cent of all persons over seventy years of age in receipt of old age pensions.

There is another factor which ought to be considered. I was speaking this afternoon about the necessity of maintaining morale in this country, and I believe that morale depends to a very large extent upon the home conditions and the security of the people of our land. If we are going to give that security when the war is over, we might offer some indication of it now by giving the old age pensioners some increase, at least, of their pensions. This is being done in other parts of the British commonwealth. The motherland, with all her tremendous financial undertakings and obligations, has raised the old age pension quite substantially in the last year or so. New Zealand has done the same. But we in this country have not given any indication to our people that we have in mind anything but returning when this war is over to the old pre-war conditions. It is not good enough, and it is undermining the morale of our people.

I suggest that here is one place where we could show the people of Canada that we have something better in mind, by increasing for the old folks the comparatively small pensions which they now receive. I associate myself with all those who in this chamber have made this plea to-night.

Mr. GREEN: Would the minister be willing to open negotiations with the provinces concerning the question of paying such an increase?

Mr. ILSLEY: It is primarily a provincial responsibility.

Mr. GREEN: Oh, no, it is not. The dominion pays 75 per cent; it is primarily a federal responsibility, and it cannot be shoved off on the provinces.

Mr. ILSLEY: Oh, no; the provinces pay the pensioners and administer the system, and we make a grant.

Mr. GREEN: They administer it, but the dominion pays 75 per cent of the amount, and certainly the provinces cannot make a move without the help of the dominion.

Mr. COLDWELL: And the auditor general has the last say.

Mr. ILSLEY: It is primarily provincial. They administer the system and pay the pensions, and we make a contribution.

Mr. COLDWELL: Yes; but the pensioners are paid with the approval of the auditor general. If the province grants a pension, and the auditor general believes that the proof of age, for example, is insufficient, although the province has accepted it, the auditor general has the last word and turns down the pension. It would seem to be true that the province does administer it locally, but the final say and certainly the heavier responsibility are in the hands of the dominion government.

Mr. NEILL: I would point out to the minister, as regards responsibility, that while, according to the British North America Act, it may originate in the province, yet it is a matter of record that, when we here passed the Old Age Pension Act, in 1927, it was the dominion that approached the provinces, and not the provinces the dominion, asking them whether they would "come through" if the dominion paid a certain portion. I remember that distinctly, because the question was asked here, and the minister made a reply stating how many provinces had replied to the invitation, and what their answers were. There is no question that the initiative did come on that occasion from the dominion.

Item agreed to.

54. Pensions—Sir Frederick G. Banting, $7,500.

Mr. MacKINNON (Edmonton West) moved:

That vote No. *54* of the main estimates for the fiscal year ending March 31, 1942, be deleted.

Mr. COCKERAM: May I ask the minister why that is being deleted?

Mr. ILSLEY: Because Sir Frederick Banting was killed on February 23.

Mr. COCKERAM: What about his family? Care was taken of the family of the late Minister of National Defence, Mr. Rogers, and I think there should be similar action here.

Mr. ILSLEY: Well, consideration was given to that, and it was decided not to place any item in the estimates. The committee will understand that precedents are created every time pensions are granted in that way, and they are capable of indefinite expansion. I am informed that there was a considerable amount of insurance. I am not sure of the amount nor what the facts are with regard to that. But his wife and daughter are being paid a pension at the rate of $1,188 per annum under authority of the Canadian Pension Act. The late Doctor Banting held the rank of major in the Canadian Army.

Motion agreed to.

56. Subsidies and special grants to provinces. Special grants—New Brunswick, $900,000; Nova Scotia, $1,300,000; Prince Edward Island, $275,000; Manitoba, $750,000; Saskatchewan, $1,500,000; British Columbia, $750,000.

Mr. MacKINNON (Edmonton West) moved:

That item No. *56* of the main estimates for the fiscal year ending March 31, 1942, be deleted.

Mr. COLDWELL: Why is that being deleted?

Mr. ILSLEY: There is an item in the supplementary estimates for a very much larger amount which makes this unnecessary.

Mr. GREEN: Is that part of the arrangement with regard to income tax?

Mr. ILSLEY: Yes.

Mr. GREEN: Are not these votes which are now being deleted special subsidies?

Mr. ILSLEY: Yes.

Mr. GREEN: Were they covered by the offer to the provinces?

Mr. ILSLEY: Oh, yes. These are special grants, and all these are to be dropped with the provinces which accept the offer, and all these provinces have indicated their intention of doing so.

Motion agreed to.

62. Miscellaneous grants and contributions. To provide for report on cultural conditions in Canada (literature, art, drama, education, etc.), $2,500.

Mr. FRASER (Peterborough West): Is this necessary?

Mr. MacINNIS: Would the minister explain to whom this item is to be paid, and what it is for?

Mr. ILSLEY: This item has been here for some years. It is really a pension or grant for the benefit of a distinguished Canadian who has rendered a great service to Canada in the realm of literature. Questions are usually not pressed beyond that, on this item.

Item agreed to.

63. Miscellaneous grants and contributions. Federal district commission—maintenance and improvement of grounds adjoining government buildings, Ottawa, and for improvements to the parkway system under the control of the federal district commission, $133,500.

Mr. CHURCH: This vote is for maintenance and improvement of grounds adjoining goverment buildings, Ottawa, and for improvements to the parkways system under the control of the federal district commission. Then there is an item for maintenance of parks, parkways and plant, Ottawa and vicinity under control of the federal district commission, and another item for the corporation of the city of Ottawa. The amounts for these three items are, respectively, $133,500, $200,000, and $100,000. Other municipalities do a considerable amount of similar work and do not get anything for it.

I would ask the minister whether consideration could not be given to a rearrangement of the monuments around these grounds. The monument to Sir John A. Macdonald is away at the back and Alexander Mackenzie is supposed to sleep on the strong box—I do not know if the minister guards it as closely—and D'Arcy McGee is in the backyard. I asked the Minister of Public Works about this matter last year, and I also discussed the question when my former leader, Mr. Bennett, was here. I thought there should be some rearrangement of these monuments in view of the changed situation in connection with the Canadian National station. Sir Wilfrid Laurier is in the front, and I am glad to see him there, but I suggest that in the recess the government might consult a landscape artist about this matter, because these

monuments are not very creditable to the present arrangement. Some are, as I say, in the backyard, some on the main street, and some obscured by a number of motor cars. In view of the ceremonies held at Kingston last Saturday, I suggest that some better position should be given the monument which was erected to the chief author of confederation, Sir John A. Macdonald, more in keeping with the prominent part he played in confederation and afterwards. I hope the government will take this matter up and try to beautify the grounds so as to have them harmonize better with the general surroundings, in view of the amount of money that has been spent. We are spending a great deal on purely municipal work while other places are entitled to consideration. I would ask the minister to give his consideration to this whole question and to consult the Minister of Public Works.

Mr. ILSLEY: I will bring the hon. member's request to the attention of the Minister of Public Works.

Mr. COLDWELL: What does the word "vicinity" mean in connection with statutory vote for the federal district commission? Do we go much beyond the city limits?

Mr. ILSLEY: There is a district under the control of the federal district commission.

Mr. COLDWELL: What is the mileage?

Mr. ILSLEY: There are parts of Hull and parts of Rockcliffe under the control of the commission.

Mr. FRASER (Peterborough West): Could the minister induce the city to do some better sanding, putting some calcium chloride in the sand? Round parliament buildings and the main streets of Ottawa it is terrible in the winter for cars as well as for people crossing the streets.

An hon. MEMBER: The hon. member must be a tenderfoot.

Mr. FRASER (Peterborough West): No matter who you are, you have to have creepers on.

Mr. COCKERAM: Cannot some saving be made on this maintenance item?

Mr. ILSLEY: A very large cut has been made in it.

Item agreed to.

67. General. To provide, subject to the approval of the treasury board, for salaries, reclassifications and increases, $100,000.

Mr. GREEN: Will the minister explain this item?

[Mr. Church.]

Mr. ILSLEY: This is a continuation of a similar provision made in previous years to provide for salaries and increases for which provision is not made elsewhere in the estimates. It is intended to cover unforeseen contingencies that may arise with respect to staff and to avoid the possibility of crippling essential services. Allocations are made by the treasury board as required during the year.

Mr. NICHOLSON: How much was spent last year?

Mr. ILSLEY: About $25,000.

Mr. NICHOLSON: All for the finance department?

Mr. ILSLEY: No, for the whole service.

Item agreed to.

66. General. Farmers' Creditors Arrangement Act, 1934, and Municipal Improvements Assistance Act, 1938, administration, $261,000.

Mr. COLDWELL: What is the cost of the operation of the Municipal Improvements Assistance Act?

Mr. ILSLEY: The cost of administering the Municipal Improvements Assistance Act is almost infinitesimal. There is practically no staff at all. We are not making loans under that act.

Mr. COLDWELL: How many cases were taken up in the last year, and what was the total amount adjusted?

Mr. ILSLEY: For the fiscal year ended March 31, 1941, the number of farmers interviewing official receivers was 3,514; proposals submitted, 1,808; meetings of creditors held, 1,925; voluntary settlements effected by official receivers, 348; cases dealt with by boards of review, 3,418; total number of cases dealt with, 3,766.

Mr. EDWARDS: The boards of review dealt with 3,418 cases in 1941. How does that compare with the previous year?

Mr. ILSLEY: In the previous year the number was 6,162.

Mr. EDWARDS: Then there is a falling off of almost 50 per cent in the number of cases dealt with?

Mr. ILSLEY: Thereabouts.

Mr. EDWARDS: Is there any disposition on the part of the government to close up the boards of review and wind up their operations?

Mr. ILSLEY: I do not think we could do that; there are still a good many cases to be attended to.

Mr. WEIR: Has the minister received any request in connection with the Farmers' Creditors Arrangement Act with regard to Manitoba?

Mr. ILSLEY: Yes.

Mr. WEIR: What consideration has been given to it?

Mr. ILSLEY: Much consideration has been given, but it was decided not to introduce any amendment before we adjourn this time at any rate.

Item agreed to.

68. General. Unforeseen expenses, expenditure thereof to be subject to the approval of the treasury board, and a detailed statement to be laid before parliament within fifteen days of next session, $80,000.

Mr. MacNICOL: I should like an explanation of the words, "a detailed statement to be laid before parliament within fifteen days of next session." Does it mean within fifteen days after the session is opened?

Mr. ILSLEY: That is right.

Mr. COCKERAM: How much was spent last year?

Mr. ILSLEY: Up to February 20, 1941, the amount spent was $32,827. That is in the fiscal year 1940-41. After that, $1,271 was spent, making about $34,000 in all.

Item agreed to.

AUDITOR GENERAL'S OFFICE

33. Salaries and expenses of office, $455,790.

Mr. NICHOLSON: What is the relationship between the auditor general's department and the special government-owned corporations set up by the government in connection with war-time business?

Mr. ILSLEY: They are all audited by the auditor general just as if they were branches of departments of the government.

Mr. MacNICOL: What is the reason for eliminating from the auditor general's report a vast number of items, the doing of which has materially reduced the value of the report from the point of view of searches by members into statements?

Mr. ILSLEY: There was an explanation given in the report at page 561, but perhaps that was not considered sufficiently explanatory. Here is some further explanation.

Up to last year the report mingled English and French versions in the same volumes. In size the pages totalled 1,354. Last year separate volumes in each language were issued. These totalled 1,137 pages.

The act states what information must be included in the auditor general's report, but leaves to him the form in which it is to be presented. As a result the predecessor of the present auditor general stated in his report for 1923-24, page xx volume 1, that he had reduced the size by 1,000 pages that year. In the report for 1925-26 he advised that he had again reduced the size from 2,260 pages to 1,694, and further reductions were subsequently made, for the last report prior to that signed by the present auditor general consisted of 1,354 pages.

The auditor general says that what he did was to save over 130 pages when information supplied was duplicated elsewhere in the report. He also dropped certain tables of a statistical nature when the information is provided in other official reports, for example the tables of outstanding loan issues, because that information is to be found in the public accounts, also certain statistical tables which might be queried. One was that listing payments to newspapers, because, since much advertising is placed through advertising agencies, who receive commissions from the newspapers, the precise amount actually paid to a paper may not be that included in the statement.

The form is not always readily comparable with the report of the year before. Apparently it is within the discretion of the auditor general as to the form in which he puts his report, and he felt that he was saving duplication.

Mr. CHURCH: The title of the auditor general's department is not properly descriptive. Does the auditor general's office audit all war-time expenditures? As I understand it, the Department of National Defence and others have their own auditors, and the auditor general is an auditor of auditors. Does this office, costing $455,790 a year, audit all the government's war expenditures? I understand that each department dealing with all these outside boards and dollar-a-year men and all the departments, fifty-six of them, have auditors themselves. Does the auditor general re-audit them or lay down rules for the audit by the sub-auditors of the various departments? Does the auditor general supervise all the war expenditures that have been gone over by some roving committees of the House of Commons?

Mr. ILSLEY: I do not know that I can give a quick description of exactly what he does. The comptroller of the treasury, representing the Minister of Finance, has his officers, who are numerous, in every branch of the government service, and sees to it that money is not spent unless duly authorized.

The auditor general's function is that of a representative of parliament. He is responsible to parliament, not to the government. He supervises and audits here and there throughout the whole government service, and reports to parliament.

Mr. NICHOLSON: I presume this vote covers the peace-time activities only. Has the minister available the additional amount required to look after war-time activities?

Mr. ILSLEY: There is some vote authorized out of the war appropriations. I have not the amount here. I am sure it has been given to the house at an earlier time.

Mr. NEILL: I should like to say a word in support of the argument of the hon. member for Davenport. The remarks regarding the saving by the auditor general may be correct, and of course cutting out duplication is all to the good. But so far as the average member of parliament is concerned, practically the whole usefulness of the report is destroyed. Time was when if someone came along and said that Tom Jones was getting too big a salary or too much in his expense account, one could look him up and find exactly what pay he was drawing and what expenses. Now one cannot do that. One can go to the auditor general's office as I have done, and he was courtesy itself and gave me a great deal of information about the particular man, but what I want is to be able to check up on any man in the government service. It very often stops claims that a man is being heavily overpaid, and I used to appreciate it very much, but now the auditor general's report is of no value at all from that point of view.

Item stands.

Progress reported.

SPECIAL WAR REVENUE ACT

CONCURRENCE IN SENATE AMENDMENT

Hon. J. L. ILSLEY (Minister of Finance) moved:

That the said amendment be now read the second time and concurred in; but that this house, while disapproving of any infraction of its privileges or rights by the other house, in this case waives its claims to insist upon such rights and privileges; but the waiver of the said rights and privileges is not to be drawn into a precedent; and, further, that this house agrees to the incorporation in this bill of Bill No. 101, an act to amend the Special War Revenue Act,

And that a message be sent to the senate to acquaint their honours therewith.

He said: The amendment made by the other house to the Special War Revenue Act is very small in relation to the revenue collected. It is scarcely a revenue amendment. The amendment proposes a change in a section of the act. The suggestion is that proclamation of coming into force is not to be made until their constitutionality is submitted to the Supreme Court of Canada. As I had agreed that immediately these sections were passed—if they were passed—they would be submitted to the Supreme Court of Canada anyway, I am making this motion now, but asserting the principle that this house is waiving none of its privileges with regard to money amendments.

Motion agreed to, amendment read the second time and concurred in.

On motion of Mr. Mackenzie (Vancouver Centre), the house adjourned at 12.05 a.m.

Thursday, June 12, 1941.

The house met at eleven o'clock.

TRANSFER OF DUTIES ACT

ORDERS IN COUNCIL EFFECTING CERTAIN TRANSFERS TO NATIONAL FILM BOARD AND WAR SERVICES DEPARTMENT

Right Hon. W. L. MACKENZIE KING (Prime Minister): I desire to table copies of orders in council respecting the transfer of duties act transferring certain powers and duties to the Minister of National War Services (Mr. Thorson), and certain duties to the national film board.

Hon. R. B. HANSON (Leader of the Opposition): Will the Prime Minister (Mr. Mackenzie King) follow the usual custom and lay on the table any correspondence which passed between himself and the retiring Minister of National War Services (Mr. Gardiner), and other related correspondence?

Mr. MACKENZIE KING: I shall be glad to table all orders. Attached to one order is, I think, a single-line communication from the Minister of Agriculture (Mr. Gardiner) indicating his resignation from the Department of Natonal War Services.

SENATE AND HOUSE OF COMMONS

AMENDMENT OF ACT RESPECTING ELIGIBILITY OF MEMBERS OF PARLIAMENT TO SERVE IN AIR FORCE

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 102, to amend the Senate and House of Commons Act.

He said: I should like to ask the leave of the house to introduce a bill which I think will receive general approval. A couple of days ago the leader of the opposition (Mr. Hanson) drew my attention to section 12 of the Senate and House of Commons Act which provides that service in the naval or military forces shall not render a member ineligible to sit in parliament. When that section was enacted there was no air force, and there is a possibility that some doubt might arise if the word "air" were not added to the section. There are members of the present house who are serving in the air force. This amendment merely adds the word "air" to section 12, and adds another section that the act shall be deemed to have come into force on the tenth day of September, 1939.

Motion agreed to and bill read the first time.

Mr. LAPOINTE (Quebec East) moved the second reading of the bill.

Hon. R. B. HANSON (Leader of the Opposition): I had this matter under consideration and formed an opinion thereon. I wrote the minister and apparently this bill is the result. I think it is necessary to remove any doubt, and I concur in the proposed legislation. I may say that this matter was definitely raised for the first time by the hon. member for Lake Centre (Mr. Diefenbaker) who made it clear that the Senate and House of Commons Act was deficient in this regard. To him is due the credit for having raised the point. I merely followed up what he had to say in that respect.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BUILDING OF WOODEN SHIPS ON PACIFIC COAST

Mr. NEILL:

1. Has the government decided not to build any cargo wooden ships on the Pacific coast?

2. Will the government place any more orders on the Pacific coast for small wooden vessels such as Fairmiles or seine packers?

Mr. HOWE:

1. As no requisitions have been received for wooden cargo vessels, the government has not been required to make any decision.

2. The placing of such contracts depends on the receipt of requisitions from the competent authorities.

BUSINESS OF THE HOUSE

MOTION TO ADJOURN TO NOVEMBER 3—ST. LAWRENCE WATERWAY AGREEMENT

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

That when this house adjourns on conclusion of current business of the session it stand adjourned until November 3, 1941, provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with his majesty's government, that the public interest requires that the house should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the house shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, I am in accord with the date of adjournment to the third of November, but I desire to direct attention to the phrase "if it appears . . . that the public interest requires that the house should meet at an earlier time during the adjournment." The right hon. gentleman (Mr. Mackenzie King) was good enough to consult with me before this motion was placed on the order paper, I understood the purpose of it and am in agreement with it, but I am wondering how the Prime Minister will interpret "the public interest". Does that include the calling back of this house before the third of November to consider ratification of the St. Lawrence waterway agreement? I should not think that the house ought to be called back in the middle of the summer for that purpose.

Mr. MACKENZIE KING: Mr. Speaker, as to what would be in the public interest, one would have to have regard to all the circumstances that would be existing at the time, and the government necessarily would have to take the responsibility for exercising its judgment in the matter. With regard to the St. Lawrence waterway agreement I doubt very much if the agreement will have been approved by the congress of the United States before well on into the summer, although, of course, I cannot say definitely as to that. If it should be approved at an earlier day it would be necessary to consider at once the time of calling this house together so as to have the agreement considered by both houses of the Canadian parliament as soon as possible after its adoption by the United States congress. In these matters, however, I would seek to confer with my hon. friend, the leader of the opposition and try to arrange that the house would be called at a time that would be as nearly convenient to all hon. members as possible.

Mr. HANSON (York-Sunbury): One word more, if I may, I want it distinctly understood that if the exigencies of the war situation should be such that the right hon. gentleman thinks this house ought to be called together I agree most readily and I should not even expect to be consulted in such an emergency. But if it should be for any other reason I would thank the right hon. gentleman if he would consult me.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, we approve the resolution moved by the Prime Minister (Mr. Mackenzie King), holding, as we do, the view that the house should not prorogue but adjourn. We have been of the opinion that an adjournment should not exceed ninety days, but in this particular case, with the harvest season running at least into the end of October, I think the date selected by the Prime Minister is a wise one. If the war situation, as the leader of the opposition (Mr. Hanson) says, should compel reconsideration of the date of reconvening, we understand that the house will be called.

May I also say that we hold the view that if the United States congress approves the St. Lawrence waterway agreement the house should be called to give to that matter the consideration which it deserves. Courtesy to our great neighbours to the south demands that we should not unduly delay the consideration of this matter.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, the members of my group agree with the Prime Minister's motion and we shall hold ourselves at his disposal whenever he sees fit to call parliament. We shall be glad to cooperate with him in every respect.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I do not rise to oppose the motion but I believe that before parliament adjourns the Prime Minister (Mr. Mackenzie King) should inform the house what is Canada's foreign policy, whether it is that there shall be no further commitments and that parliament will decide in all these matters in the future as in the past. So far parliament has not been consulted at all. The executive does it. Private, secret agreements, notes and appeasements, have been made without parliament knowing anything about them. I think the Prime Minister should also tell us whether he proposes to continue the same appeasement policy respecting 500,000 bushels of grain to Japan and north China, because if Britain cannot appease them, how can Canada, as has been demonstrated in the last three years with respect to Japanese action towards Britain at Shanghai and Hong Kong?

Secondly, the Prime Minister has consulted some members of the House of Commons on Japan, secretly, unknown to other members of the house. All of it is known to our allies. In the recess of parliament no secret meetings of this kind should be held because we have a duty to the mother country and the other dominions, and the situation at the present time is too dangerous for these secret meetings and failure to give the house the facts.

Lastly, the Prime Minister should be in a position before the adjournment to inform the house as to the loss of Canadian merchant shipping off the coasts of Ireland, of men, food and munitions, part of which is reflected in our tax rate. Yesterday the United States was refused the use of these same empire bases off Ireland, and we have not heard a word here as to what our policy is.

There should also be some stand taken immediately by this government as to the Vichy movement against the allies and our recognition of it here.

I should like to know whether the Prime Minister is prepared to make a statement on these three matters before the house closes. I support the motion, because in an emergency the members can be called together very quickly, but how can we and the people of this country know what is going on unless parliament is given all this information? What is the use of looking for recruits and victory loans if the people are not informed of our foreign and defence policy? We should have an informed public opinion. We might as well meet in secret for all the information that has been given to the country throughout the whole of the sittings in the reports to the house or with regard to the unreported business.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker I should like to offer a suggestion. The members of parliament were greatly inconvenienced last fall because the preparation of the revised edition of *Hansard* and the publication of the statutes for last session was proceeded with only after prorogation. As the first part of the session is now almost concluded, I wonder whether the government would not be disposed to give instructions so that the statute book will be published at the earliest opportunity on account of the important legislation that has been passed, and so that revised *Hansard* will also be published at the earliest opportunity?

Mr. MACKENZIE KING: Mr. Speaker, I would say first of all to my hon. friend from Broadview (Mr. Church) that I hope he will not regard me as an appeaser. I seek to be a conciliator where that is likely to prove helpful. There is a great difference between the two. Perhaps, in the latter capacity, I may be pardoned if I do not provoke a discussion on the floor of this house with regard to some of the questions to which he has made reference. There is the responsibility of inviting discussion of certain matters; there is equally the responsibility of seeking to avoid discussion. If I thought it would help the position of the allied nations in the war at the present time to have a discussion here with respect to Japanese matters, bases in Ireland, and other questions which my hon. friend has mentioned, I would not have waited until this time to invite such discussion. But, where there are the strongest reasons for believing that no good purpose would be served by any such discussion, I prefer to take the responsibility of not inviting it. All the matters to which my hon. friend has referred have been carefully considered by my colleagues and myself, and we have taken in these matters the course which we believed to be in the interests of the war effort of the entire British commonwealth.

As to my hon. friend's reference to myself and conversations with certain private members, he evidently refers to the meeting I had in my office with hon. members from the province of British Columbia. I believe it is not only the right thing, but very much the duty of one who understands the situation affecting constituencies of a particular province, to seek to make known to those in the parts affected matters of which they would wish to have full knowledge. But that does not imply that one is seeking to impart to others information which one would not be prepared to impart to all. I could not have said what I said to hon. members from British Columbia in a statement to the entire house at that time; had I said at that time publicly in the house what I said yesterday, I believe the understanding of it by hon. members would have been quite different, and the intent of it on their part and by others might have been viewed quite differently from the way in which it was. I do not think I have anything further to add on that subject.

My hon. friend the leader of the opposition (Mr. Hanson) asked me a day or two ago about the Canada-United States permanent joint defence board agreement, as to whether that was not in the nature of an agreement which should have been submitted to parliament. I did not catch at the time the full significance of my hon. friend's remarks, and I therefore said I would like before replying to give the matter a little further thought.

As my hon. friend knows, that agreement is an agreement for the study of certain matters affecting defence, by representatives of the two governments, and such recommendations as are made under that agreement, are made by the representatives of the two countries to their respective governments. The study relates to sea, land and air problems. In the broad sense it has to do with the defence of the north half of the western hemisphere. There are no commitments made by the permanent joint board of defence. The board's representations are made to the respective governments by their respective representatives on the board. The governments then take up with their own departments and themselves decide as to the particular course to be taken. There is no commitment of the country in advance to any obligation. For that reason it has not been thought necessary to put the agreement before parliament for approval.

Mr. CHURCH: Was it not upon Canada's urging that the Anglo-Japanese alliance was abrogated in 1921, driving two of our best loyal allies, Italy and Japan, into the axis camp?

Mr. MACKENZIE KING: My hon. friend will have to ask his leader in the senate as to that question, because I was not at the conference nor in office at the time the matter was raised.

Motion agreed to.

THE WAR

PROPOSAL OF ONTARIO PREMIER FOR CONFERENCE OF PROVINCES ON CANADA'S PROBLEMS

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): I desire to ask the Prime Minister (Mr. Mackenzie King) a question, based upon the correspondence exchanged between himself and the premier of Ontario with respect to matters of taxation, and upon the recent request of Mr. Hepburn that the Prime Minister call a conference of all the provinces to consider the whole subject of the financial relations as between the dominion and the provinces. The reply of the Prime Minister was to the effect that, if requested so to do by all the provinces he would call such a conference. May I ask the Prime Minister if he will give further consideration to the proposal? I

would also ask the Prime Minister if he will, of his own motion, call such a conference, to be held at an early day, at which would be considered not only matters of finance and taxation but also the altered constitutional powers resulting from the invasion of the provincial field by the dominion under the provisions of the war measures and mobilization acts, and because of the necessities of war.

I have recently read a survey of public opinion as reflected in the press and I am impressed with the almost unanimity of public opinion favouring such a conference, based on the theory of the promotion of national unity.

The Prime Minister may have felt that after what happened in January last and what has occurred since he could not, without loss of dignity, call the provinces together in conference without a unanimous request from the provinces. May I suggest—

Mr. POULIOT: Mr. Speaker, this is a speech, and this is not the time for a speech.

Mr. HANSON (York-Sunbury): May I be allowed to proceed for just a moment? I am practically through.

Mr. SPEAKER: I may say that in my opinion the position and status of the leader of the opposition are such that I have considered, and I believe the house has recognized, that when he addresses a question to the government with regard to policy he is entitled to more latitude than is extended to a private member.

Mr. HANSON (York-Sunbury): Thank you, Mr. Speaker. May I suggest to the Prime Minister that I feel sure that there would be no loss of position if he, upon high consideration of national unity, and in a sincere and honest effort to unite this country in a supreme war effort, were to call a conference for the purposes suggested. It would be an exhibition of magnanimity and would, I believe, be applauded by all the thinking people of Canada.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, perhaps I might refer at the outset to the concluding remarks of my hon. friend, in which he has suggested that there would be no loss of dignity on my part were I to call a conference, no loss of position if I were to do so, and that it would be an exhibition of magnanimity on my part and be applauded by all the thinking people of Canada if I were to call another dominion-provincial conference at this time.

I think my hon. friend will agree that I have never been one to stand on my dignity, nor have I much regard for those who do. With respect to magnanimity, I think I have given ample evidence to the country that I am not afraid to assume that particular attitude in public. I have, to the best of my ability at all times, with respect to public affairs, sought to be as magnanimous as it would be possible to be not only towards my political opponents but towards any who may differ from me in opinion on any matter. As respects my hon. friend's remarks in that particular, I believe I need not say more.

But the leader of the opposition asks, would the Prime Minister of his own motion call such a conference, to be held at an early day, at which would be considered not only matters of finance and taxation but also the altered constitutional powers resulting from the invasion of the provincial field by the dominion under the provisions of the war measures and mobilization acts, and because of the necessities of war. Well, hon. members will recall that the conference which was held in January was, among other reasons, precisely for the purpose of considering the whole question of finance and taxation and the matter of the altered constitutional powers which might be necessitated by certain courses of action. But when the conference was held, one argument which was put forth for not continuing the conference—the argument which I heard most vigorously asserted—was that this was not a time—a time of war—to be considering constitutional questions; that ministers, particularly federal ministers should not be wasting their time discussing questions of finance, taxation and the like, but should be attending to their duties as ministers of the crown responsible for the war effort of Canada. We were told we had powers of taxation and it was for us not to talk about them but to exercise them as we thought the country's war needs required. That was the ground on which, broadly speaking, the last conference found it impossible to proceed. That ground was taken, not by myself nor by any member of the dominion government but by one or more of the provinces, and unless some of the provinces have had a very material change of mind on that score I fail to see how another conference called at this time would not raise precisely the same arguments.

Mr. HANSON (York-Sunbury): It might be a change of heart.

Mr. MACKENZIE KING: Yes, it might be a change of heart, but some hearts change too often. I do not speak with any expert knowledge of changes of heart in domestic affairs, but I can say something about them in relation to public matters.

I am obliged to my hon. friend for bringing up this subject at this time because it may help me to clear what appears to be either an intentional or an unintentional misrepresentation of the reply which I have made to the Premier of Ontario with respect to the calling of a conference. My hon. friend says he has reviewed the press in regard to the matter. I have not found the unanimity of opinion that he has with regard to the wisdom of having another conference called. Very different views have been expressed in the publications I have read. What I have noticed, however, is that some of the journals of the country are stating that I had refused to have another conference held. What I said has been construed as representing an arbitrary stand; that I was unwilling to have another conference called.

May I read the concluding paragraph of the communication which I sent to the Premier of Ontario:

> If, however, the premiers of the several provinces should unite in a request for another dominion-provincial conference, the dominion government will be prepared to give immediate consideration to any such request.

The words "immediate consideration" were used advisedly. They were not intended to imply that we would not call such a conference, but rather that, before deciding upon any question of this kind, it would be necessary to do so in the light of the circumstances as they might exist at the time. It might be wholly inadvisable, under conditions that cannot be foreseen at the moment, to call a conference at any one particular time. That is all that is meant about giving the matter consideration—considering the nature of the replies that might be received from the several provinces, and what it would be wisest to do in the circumstances existing at the time.

Let me make it perfectly clear that if the premiers of the provinces of Canada unite in a request for a conference that conference will be called. I have no hesitation whatever in saying if I receive from the different premiers of Canada communications to the effect that they believe it would be in the national interest, and in the interest of Canada's war effort at this time, to have a conference called that I will undertake to see that such a conference is speedily called. But without receiving such assurances from the premiers of the different provinces, I am afraid that in calling a second conference I should be open to exactly the same course of chastisement and criticism that was followed at the last conference.

My hon. friend, and rightly so, places his question on the ground of high considerations of national unity. It is precisely on that ground that I would view the whole question of the wisdom of holding another conference. If I believed that another conference called at this moment would help to further Canada's war effort by giving to the nation an exhibition of national unity on the part of all, particularly with respect to questions of taxation, constitutional problems and the like, I would be the first to have a conference called immediately. The conditions that should govern are I believe those which I have stated in the telegram which I sent to the Premier of Ontario, as contained in the following paragraph:

> Having in mind the circumstances which occasioned the failure of the conference of five months ago, our government is of the opinion that unless there were general agreement on the part of all the provinces upon the desirability of holding another dominion-provincial conference, such a conference called at this time might only serve to accentuate the differences raised at the last conference. Were such to be the case, it would certainly prove prejudicial rather than helpful to Canada's war effort.

I do not think that anyone can deny the accuracy of that statement. Let me make the position perfectly clear. The premiers of all the provinces will have full knowledge of this correspondence. They will see in the press this afternoon and to-morrow the statement which I am making at the present time. I do not wish any of them to wait to be asked what their views are. I invite them now, if they wish to have a dominion-provincial conference called at Ottawa, to write and so notify me and indicate in their letters the agenda they wish to have considered at the conference; and if I receive requests from all the provinces to have a conference called, and agenda are supplied to show what they would wish to have considered at the conference, I will take the matter up with my colleagues immediately to see if we cannot so arrange the agenda as to meet the wishes of all, and have a conference called at the earliest possible moment.

Mr. CHURCH: Does not the Prime Minister think it would be better to call off the battle of wits and get together and settle things with Ontario? The dominion government and Ontario are not so very far apart.

Mr. MACKENZIE KING: Is the hon. member referring to his wits or somebody else's? If he is referring to his own, I cannot battle with him on that score.

Mr. CHURCH: If Ontario had a stronger representation in the cabinet we would not have all this trouble with Queen's park.

KING'S REGULATIONS AND ORDERS

PUBLICATION IN "CANADA GAZETTE"—AVAILABILITY OF AMENDMENTS

On the orders of the day:

Hon. J. L. RALSTON (Minister of National Defence): The hon. member for Témiscouata (Mr. Pouliot) yesterday referred to a question he asked some time ago and I said I would look up the information. With regard to the publication of King's Regulations and Orders I am informed that all amendments to King's Regulations and Orders which have been made since the beginning of the war have appeared in the *Canada Gazette,* with the exception of three items which have been recently approved by the governor in council. These will appear in due course. The subjects of these three items are: 1. Qualifications of signal officers, reserve forces. 2. Change in district audit system providing for audits twice a year instead of once. 3. As regards powers of commanding officers.

The Department of National Defence does not issue King's Regulations and Orders with amendments to members of parliament.

RIGHT HON. R. B. BENNETT

QUESTION AS TO RESOLUTION OF CONGRATULATION UPON HIS ELEVATION TO THE PEERAGE

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): In view of the great honour that was conferred yesterday by His Majesty the King upon a former leader of the Conservative party and Prime Minister of Canada, the Right Hon. R. B. Bennett, would the government introduce a resolution of this house extending congratulations to him on his elevation to the peerage for distinguished services rendered to this nation and to the empire as a whole?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think that each individual member of the house is quite capable of conveying his own expression of views with regard to any honour conferred. I should not think that, having regard to the resolution of the House of Commons with respect to some of these matters, the introduction of a resolution on the subject to which the hon. member has referred would be appropriate at this time.

[Mr. Church.]

INCOME AND CORPORATION TAX

CORRESPONDENCE WITH PROVINCES AS TO THEIR WITHDRAWAL FROM THESE FIELDS FOR DURATION OF WAR

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): Last evening, near the conclusion of the sitting, item No. 56 of the estimates of the Minister of Finance, subsidies and special grants to provinces, was on motion of the Minister of Trade and Commerce deleted. This refers to special grants and subsidies to six of the provinces, and the Minister of Finance is reported at page 3851 of *Hansard* as having said:

> These are special grants, and all these are to be dropped with the provinces which accept the offer, and all these provinces have indicated their intention of doing so.

That is to say, he was indicating that six of the provinces were ready to withdraw from the corporation and income tax field for the duration of the war as outlined in the suggestions of the minister during his budget speech.

I would ask the minister if he would be good enough to lay on the table all the correspondence and other documents, if any, exchanged between himself and the Prime Minister or any member or officer of the government and the premier, provincial treasurer or any official of any provincial government with respect to the withdrawal of the provinces from the income and corporation tax field, upon which this motion for deletion was based.

Mr. ILSLEY: Yes, I will do that.

Mr. HANSON (York-Sunbury): To-day?

Mr. ILSLEY: Yes, I will get it together at once. I want to say, however, that most of the communications were verbal. The provinces sent representatives here to discuss this in an informal and exploratory way, but indicating their intention of accepting this offer.

DAIRY PRODUCTS

BRITISH PLAN FOR VOLUNTARY CREAMLESS DAYS—PRESS DISPATCH IN NEW YORK "DAILY NEWS"

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): I should like to direct a question to the new Minister of National War Services. I had given notice to the Prime Minister of my intention to refer to this matter yesterday in the house and asked if he was prepared to make an announcement of the appointment of a new minister. He anticipated my question by making an announcement, therefore I did not put the question. I am sorry I have not had the

opportunity of sending the question to the new minister; therefore I shall give him plenty of time to do what I am going to ask of him.

My question is based on a statement made in this house on June 4 by the then Minister of National War Services that he had not authorized a recent press dispatch appearing in the New York *Daily News* which said that Canadian householders were unwilling to come within the scope of a British plan for voluntary creamless days in the United States, so that increased food supplies might be available for Britain. Will the minister give this his immediate attention and try to offset the unfortunate effect of what appears to have been a slip by the department over which he now presides? Secondly, will he try to bring about a creamless day in Canada also, and in this way make additional food supplies available for Britain?

Before sitting down may I offer my congratulations to the new minister, and express the hope that he will put his usual energy into the department over which he now presides.

Hon. J. T. THORSON (Minister of National War Services): Before I deal with the question asked by the hon. member for Parkdale I should like your permission, Mr. Speaker, to express my very great appreciation of the kind manner in which the announcement of my appointment was received yesterday by the house. I should like to thank the hon. member for Rosetown-Biggar (Mr. Coldwell) for his expression of good wishes, and I am deeply grateful to the hon. member for Davenport (Mr. MacNicol) for the kind reference he made to the race from which I come.

(Translation) I wish also to thank my friends from the province of Quebec for their cordial congratulations.

(Text) The hon. member for Parkdale will of course appreciate that I have not yet had the opportunity of entering upon my new duties, and therefore I cannot at this moment give any expression of opinion as to the questions he has raised. I shall be glad to give consideration to them.

OIL CONTROL

GASOLINE CONSUMPTION AND POSSIBLE SHORTAGE OF TRANSPORTATION

On the orders of the day:

Hon. W. EARL ROWE (Dufferin-Simcoe): I should also like to ask a question of the new Minister of National War Services, to whom I have already extended my congratulations and good wishes.

In view of the possible shortage of transportation for fuel oils, will he give some consideration to the matter of gasolineless Sundays in Canada during the next few months?

An hon. MEMBER: Why Sundays?

SUPPLY

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

DEPARTMENT OF FINANCE

86. Insurance. Expenses of work in the interests of fire protection, $10,580.

Mr. MacNICOL: What have the officials in this department to do with fire prevention? Every province has a fire prevention department. Will these men have to do with the territories, or do they assist the provinces?

Hon. J. L. ILSLEY (Minister of Finance): The work is almost entirely of an advisory, educational and consulting nature, maintaining records of fire losses and preparing reports upon fire prevention legislation and fire protection methods in Canada and foreign countries, with a view to establishing reasonable standards of fire safety and standardization of fire prevention measures throughout Canada. The item provides for the salary of a dominion fire commissioner and clerical assistance, also printing, stationery, travelling expenses and so forth, in the interests of fire prevention carried on by the Department of Insurance.

Mr. MacNICOL: What is the name of the fire commissioner?

Mr. ILSLEY: W. L. Clairmont.

Mr. HANSON (York-Sunbury): This is a peace-time activity, which costs the country $10,580 a year. It is a branch of government which is purely consultative and I think it could very well be done away with at this time. The provinces are primarily interested in this matter and are doing the work. I suggest that this should be the last time this item appears in the estimates, at least for the duration of the war.

Item agreed to.

476. To provide for compensation to provinces which agree to vacate the personal income and corporation tax fields for the duration of the war, the annual amount thereof being computed in accordance with and subject to the terms and conditions of agreements approved by the governor in council and entered into with such provinces by His Majesty the King in the right of Canada represented by the Minister of Finance and on a basis which will produce substantially the equivalent of either—

(a) The revenues which the province and its municipalities obtained from these sources during the fiscal year ending nearest to December 31, 1940, less the amounts collected after the close of such fiscal year by the

province and its municipalities in respect of personal income and corporation taxes levied upon incomes of 1940 or prior years or based upon the status or operations of the taxpayer in 1940 or prior years; or

(b) The net debt service paid by the province during the fiscal year ending nearest to December 31, 1940 (not including contributions to sinking funds) less the revenue obtained from succession duties during that period and less the amounts collected after the close of such fiscal year by the province and its municipalities in respect of personal income and corporation taxes levied upon incomes of 1940 or prior years or based upon the status or operations of the taxpayer in 1940 or prior years

and for the payment of fiscal need subsidies to such of said provinces as enter into such agreements and can demonstrate to the satisfaction of the governor in council that these are necessary: an amount not exceeding, $45,000,000.

Mr. ILSLEY: This is an important item, and I promised that at some stage I would make reply to some questions which were asked by the leader of the opposition.

In his speech on June 2, on the motion for second reading of Bill No. 87, to amend the Income War Tax Act, the leader of the opposition asked that certain aspects of the proposed arrangement with the provinces be clarified, and I undertook to answer his questions when I had an appropriate opportunity of doing so. The first question dealt with the amount which would be payable to the province of Alberta in the event that province should choose option B. I quote from page 3386 of *Hansard*, where the leader of the opposition said:

What is to be the attitude of this government with regard to that province, having regard to the fact that for several years the government of Alberta has repudiated its solemn obligation to pay in full the interest upon its bonds, much to the loss of its credit and also potentially affecting the credit of other provinces? Is this government, in dealing with Alberta, to pay only to that province the actual amount of bond interest paid by that province, and thus recognize its default and thereby in effect condone its action? Or will it insist upon an arrangement being made by that province whereby the Alberta government will respect its responsibilities?

Before I answer the question directly I should like to refer briefly to the proposal to the provinces which I described in detail in my budget speech. In that speech I dealt with the great difficulties with which we were confronted in our search for the necessary revenues with which to prosecute the war, because of the varying levels of taxation in the different provinces; and I said we had come to the conclusion finally that we should introduce taxes at rates which would be possible if the provinces were out of the personal income and corporation tax fields. At the same time we proposed to make an annual payment each year for the duration of the war to provinces which would temporarily vacate those two tax fields. It was difficult to decide upon a satisfactory formula for arriving at the amount of those annual payments to the provinces; indeed the one we decided upon would not do as a basis if a permanent arrangement were contemplated. But after very careful study we came to the conclusion that it was as good a formula as any that could be found for this particular and temporary purpose. It has the merit—when coupled with the proposal to discontinue the present annual grants to Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan and British Columbia, and when the proposal to pay fiscal needs subsidies to provinces which can show they require them is taken into account—of providing an annual payment which will leave all the provinces in substantially the position they were in, from the revenue point of view, in 1941.

The formula is to pay either: (a) the revenues which the province and its municipalities actually obtained from personal income and corporation taxes during the fiscal year ending nearest to December 31, 1940; or (b) the cost of the net debt service actually paid by the province during the fiscal year ending nearest to December 31, 1940, not including contributions to sinking funds, less the revenue obtained from succession duties during that period. In simple terms, the annual payments to the provinces are based upon either the cash actually received from taxes in 1940, or the cash actually paid out in interest. The formula is not based on the taxes which should have been collected or the interest which should have been paid. It is based upon the amount of the actual cash receipts or the cash disbursements.

Now the question is asked whether in the case of Alberta the formula should be changed so that the dominion would pay either the taxes actually collected, under option (a); or, under option (b), the interest which would have been paid if Alberta had paid its bond interest in full. According to preliminary estimates made by the Alberta treasury department, which were presented for purposes of discussion only and are subject to checking and revision, the annual payment to Alberta under the present formula, if it accepts the dominion's offer, would be approximately $4,000,000 under option (a), or $3,200,000 under option (b). If option (b) were changed and based upon the interest at full rates, irrespective of whether such interest was paid or not, then the amount payable under that option

would be approximately $5,750,000. Under the present formula, therefore, Alberta would receive $4,000,000 under option (a), or approximately $800,000 more than it would receive under option (b). If option (b) were changed, however, and were based on the full amount of the bond interest, then the amount paid under this option would be increased to $5,750,000, which is $1,750,000 more than the amount which will be paid to Alberta under the present formula. I take it that no one would suggest that the dominion should pay an additional $1,750,000 to Alberta unless Alberta undertook to pay its bond interest in full. Otherwise, for no good reason, the dominion would be making a present to Alberta of a very large sum of money, which would be quite unjustifiable.

I must assume, therefore, that the suggestions which have been made that the annual payment to Alberta should be based upon the full amount of its bond interest are predicated upon an agreement by the Alberta government to pay its bond interest in full, but I have heard no suggestion on the part of the Alberta government that it would be prepared to pay this interest in full.

Mr. HANSON (York-Sunbury): The privy council said it should do so.

Mr. ILSLEY: I believe that is so. It may be willing to do so, but I have not heard of it; and in the absence of any declaration to the effect that Alberta is prepared to pay its bond interest in full it seems to me the present formula is fair and reasonable, in that Alberta is dealt with in exactly the same way as all the other provinces. I do not see how, by the widest stretch of the imagination, this can be construed as condoning the attitude of the Alberta government in defaulting on its bond interest. To me such a construction does not make sense. Surely the dominion has given ample evidence of its attitude toward the repudiation of contractual obligations and of its desire, indeed of its anxiety, to find a constructive solution of the financial difficulties which have faced a number of the provinces as a result of depression.

While, therefore, I do not propose to change the formula for determining the amount which will be payable to Alberta if it accepts the dominion's proposal, this does not mean that the door is shut for all time, or that this government will not reconsider the matter if the situation changes. For example, if the Alberta government were to work out some refunding plan with its bondholders, and then ask the dominion to reconsider the basis on which the annual payment is to be computed, we should be prepared to sit down and discuss the question, or any other reasonable proposal that might be presented.

Mr. HANSON (York-Sunbury): Perhaps the minister does not wish to be interrupted at this stage.

Mr. ILSLEY: It is all right.

Mr. HANSON (York-Sunbury): Does the minister mean by that—and I ask the question for purposes of clarification—that if the Alberta government should indicate that it proposed by some scheme to refund its past due indebtedness and to observe the principles of the law as laid down in the privy council decision, this government would review the whole position and, assuming the proposal was accepted, make a grant sufficient to cover the debt service?

Mr. ILSLEY: We should be prepared to sit down and discuss the question or any other reasonable proposal that might be presented. I cannot give any commitment further than that. I cannot see that any good purpose would be served by trying to cross this bridge before we come to it.

In case these remarks should be interpreted by bond speculators to mean more than they do mean, I should add, perhaps, that if in the future any such arrangement should be worked out, and the dominion were a party to it in any way, undoubtedly it would be necessary to impose a capital gains tax or take other practicable steps to ensure that speculators were not allowed to reap profits out of appreciation in bond values arising as a result of the discussion or negotiation of such a programme or its consummation.

Mr. JOHNSTON (Bow River): When the minister refers to the obligation of the provincial governments to pay their past interest, does he mean the interest which is accruing now and which the government itself would meet, or that the provincial government would have to make up all these back payments?

Mr. ILSLEY: I did not say either, and I did not mean either. I am making no commitment of any kind.

Mr. JOHNSTON (Bow River): The minister suggested that if the provinces would do this—

Mr. ILSLEY: I said a new situation would be created which might be discussed; that is all.

The second question raised by the leader of the opposition had to do with the position of the municipalities which are now levying taxes on income and which will be asked to

discontinue them. This problem is particularly important in New Brunswick, where many, if not all, of the municipalities collect income tax. In one or two other provinces some of the principal cities levy an income tax, but except in New Brunswick the practice does not extend to all municipalities and is not so general in its application. In discussing this the leader of the opposition read into *Hansard* what he described as a summary of the dominion tax proposals as submitted to New Brunswick and the other provinces. Although I do not see it in *Hansard,* my recollection is that at the time he commented on the fact that this summary did not touch upon the problem of the municipality.

Mr. HANSON (York-Sunbury): By implication, not expressly.

Mr. ILSLEY: In order to clear up any possible misunderstanding about this so-called summary, I should like to state that it is described in its heading as "a preliminary memorandum upon some of the points to be covered in the agreements with the provinces, if the offer outlined in Mr. Ilsley's budget speech on April 29, 1941, is accepted." This preliminary memorandum covers the points raised by the leader of the opposition and one or two others which I shall not read as they have no bearing upon this particular subject.

On May 16 an officer of my department wrote a letter to the Honourable J. J. Hayes Doone, provincial secretary treasurer of the province of New Brunswick, enclosing a copy of the preliminary memorandum referred to. As the letter comments on the question under discussion, I propose to read it. It is as follows:

Dear Mr. Doone:

Following our discussion the other day, you asked me to let you have a general outline of the basis on which the personal income and corporation taxes imposed by any of the provinces which accept the offer outlined in Mr. Ilsley's budget speech of April 29th last, will be discontinued. No final decision has been reached upon this matter, but I enclose a copy of a preliminary memorandum which may serve as a working guide for the time being, on the understanding that it is not binding upon the dominion in any way. You will see that this memorandum covers a number of the points which we have discussed, but that these are limited to the questions which will apply to all provinces which accept the offer. Other questions which apply particularly to your province, such as the arrangements which might have to be made with your municipalities if you accept the dominion's offer, are not dealt with in the memorandum, and presumably will have to be the subject of further discussion.

If there is any further information you would like from me in the meantime, please be sure to let me know.

Yours very truly,

W. L. Gordon.

It will be seen therefore that the problem of the New Brunswick municipalities was not overlooked. As the leader of the opposition himself stated, the municipalities are the creation of the province and their jurisdiction to impose income tax is derived from the province. The agreements which we are making will be with the provinces and not with their municipalities. The question is, should we stipulate in the agreements which we make with the provinces that they must deal fairly with their own municipalities, or should we leave this to the good judgment of the provincial governments concerned? I appreciate that in the opinion of the leader of the opposition it is desirable to include a definite stipulation respecting the position of the municipalities in any agreements which we make with the provinces. I think, however, that before arriving at a final conclusion I should prefer to discuss this further with the representatives of the government of the province of New Brunswick, who will be as anxious as the leader of the opposition to protect the position of their municipalities. On Tuesday, June 3, the leader of the opposition asked that a statement be placed on the record showing the net amount which would be payable to each of the provinces under option (a) and under option (b) of the proposal. In giving these figures I should make it quite clear that they are preliminary estimates only and are subject to revision:

	Amount payable under Option (a)	Option (b)	Estimated amount payable
P.E.I.	$ 250,000	$ 275,000	$ 275,000
N.S.	1,500,000	2,725,000	2,725,000
N.B.	2,575,000	3,250,000	3,250,000
Que.	17,000,000	1,975,000	17,000,000
Ont.	29,000,000	10,800,000	29,000,000
Man.	5,000,000	3,175,000	5,000,000
Sask.	2,075,000	6,300,000	6,300,000
Alta.	4,000,000	3,200,000	4,000,000
B.C.	12,600,000	6,000,000	12,600,000
Total.....			$80,150,000

Mr. HANSON (York-Sunbury): Do the figures for New Brunswick include the municipalities?

Mr. ILSLEY: Option (b) is in connection with the bond interest, but option (a) would take into account the income tax collected by the municipalities. Until we receive and carefully analyse complete statements from all the provinces, it will not be possible to say which provinces will be entitled to receive a fiscal need subsidy or the amount thereof. Generally speaking, I think that any of the provinces that think they may be entitled to a subsidy will have to prove it on the basis of their 1940 statements of revenues and expenditures adjusted to give effect to the changes which will result from the proposal.

I should remind hon. members that these changes include the discontinuance of the present special grants which are voted annually, and which are as follows:

Prince Edward Island.....	$ 275,000
Nova Scotia.....	1,300,000
New Brunswick.....	900,000
Manitoba.....	750,000
Saskatchewan.....	1,500,000
British Columbia.....	750,000
Total.....	$5,475,000

For budget purposes we made a rough assumption that the fiscal need subsidies would amount to $3,000,000 or $4,000,000, or say, $2,000,000 less than the present special grants.

The leader of the opposition also asked for information respecting the estimate of $90,000,000 which I gave in my budget speech as the net increase in the dominion's revenues from the changes in the personal income and corporation taxes, less the payments to the provinces. Hon. members will recall that the increased rates of graduated income tax, not including the national defence tax, were estimated to produce an additional $75,000,000 of revenue in a full year. The increase in the minimum rate of excess profits tax is estimated to produce $80,000,000, or a total of $155,000,000. If we add to this approximately $2,000,000 as representing the difference between the present special grants to the provinces which are to be cancelled and the fiscal need subsidies which will be paid in future, and $12,000,000 in special taxes to be imposed on banks, insurance companies, railway companies and other groups which might otherwise benefit from the discontinuance of existing provincial taxes, we get a total of $169,000,000. If we deduct from this the annual payments to the provinces which I have estimated at $80,000,000, we are left with a net increase in dominion revenues of $89,000,000. At the time I delivered my budget speech this estimate was placed at $90,000,000.

As I mentioned when the supplementary estimates were tabled, the total amount to be paid to the provinces in the present fiscal year will be much less than $80,000,000 plus whatever fiscal need subsidies may be necessary. From this total, whatever it may be, there will be deducted the amount of the taxes which the provinces are themselves collecting at the present time upon the taxpayers' incomes in 1940 or based upon the taxpayers' operations or status in 1940, and also their collections of arrears which pertain to 1939 and earlier periods. It is difficult to estimate the amount of such taxes which the provinces will collect this year, but it will be substantial, and the amount of the dominion's payments will be reduced correspondingly. All things considered I think it is safe to say that the net payments to all provinces this year will not exceed $45,000,000, the amount called for in the estimate. If any of the provinces do not accept the proposal, the amount will be reduced.

Mr. HANSON (York-Sunbury): Mr. Chairman, anxious as I am to facilitate the business of the house I must ask the committee to bear with me for just a few minutes to discuss this, one of the most important matters that will come before us. I regret that we have not more time for its consideration.

The minister's statement has the advantage of clarity, if in some respects it has not the distinction of finality. I want to deal with the second topic referred to, namely, the position of the municipalities in New Brunswick. I think I correctly stated their position when I dealt with the subject before. They are the creatures of the province, and this government cannot deal directly with them. But they are the same set of taxpayers who are paying to the dominion and to the provinces, and we have some obligation to protect them in any financial changes that are contemplated.

The only purpose I have in alluding to the position of the municipalities is twofold. The statement of the Minister of Finance did not make it clear that the municipalities would be protected. My hon. friend, I have no doubt, proceeded on the assumption to which he referred in his statement, that, the municipalities being the creature of the provinces, the provinces would be concerned in protecting them. This is an assumption which of course may be quite true. But I was fearful that at one time it might not be given all the consideration which it deserves. I do believe, however, that discussion of the matter in this house, calling the attention of the house and of the minister to the position, will have the effect I desire, namely, the protection of the municipalities.

If the minister cannot see his way clear to stipulate that the position of the municipalities be protected, I must say that I disagree with him. I think he can do it. He has the power and authority to make it a condition that the position of the municipalities shall be protected, and I think he should do so. If he does not do so, and they are not protected, there will of course be a tremendous reaction, in New Brunswick at all events. I am not going to say more than that. I am going to ask the minister to protect the municipalities if he feels that it is his duty, as it is undoubtedly within his power to do so.

There is just one collateral point that has not been touched upon by the minister. Municipal income taxation, as I understand it, is to be frozen at some level. I do not know whether it would be possible to make the proposal elastic enough so that there might be an increase, or, on the other hand, a decrease, in the amount of the allowance to the provinces by reason of anticipated increase or decrease in the revenue of the municipalities from this source of taxation. I do know that with a rising national income there is a rising revenue from this source for all the municipalities, including the larger ones, and I must say including the smaller ones because it has come to my knowledge that certain municipalities, what I may term rural municipalities, until recently have not properly, shall I say, explored this avenue for revenue. It is only within the last year or two that certain municipalities have been invoking the law which was set up in their favour for that purpose. I am informed by my colleague the member for Victoria-Carleton (Mr. Hatfield), who is the warden of his own county, that the freezing of this source of revenue to the municipalities at the 1940 figure, say, will work a distinct detriment to that municipality, because they are just beginning really to enforce the law, and the 1941 taxation returns from that source, if I understood him correctly, will be substantially in excess of the revenues for 1940. I know this is quite a difficult point to deal with and that there must be some finality. How it can be measured in the future other than on the basis of a given year is not quite clear to me. I shall not discuss the point further; I think I have performed my duty by referring to it. I ask the minister to do what he can to see that the position of the municipalities in New Brunswick is safeguarded and that, if possible, it be stipulated in the agreement itself. If we have it in the bond, then of course we shall be sure. If we haven't it in the bond, anything may happen.

The position of Alberta is, I admit at once, a very difficult one, not only for the minister but also for us here in this house. I am obliged to the minister for the statement of his position, as to its clarity, although I am somewhat disappointed in the attitude which he has taken. The minister waved the big stick over those who are speculating or are said to be speculating or who, he intimated, might be speculating in Alberta bonds in the hope that they would make a killing if the government required the Alberta government to pay its bond interest in full. Let me say at once that I am not concerned with these individuals who are speculating in Alberta bonds. If there be such I am not aware of them, and I have had no communication with them. I need not tell the minister that I am not myself an Alberta bondholder. That is one thing I have escaped—not many, but that is one. I am not a bit concerned about the position of the bond speculator. I do not think, however, that the volume of Alberta bonds in the hands of speculators can be very large. My understanding is that the greater part of these bonds are held by financial and municipal institutions; that a substantial proportion of the holdings of Alberta bonds is in the hands of our municipalities and other governmental bodies in the form of sinking-fund investments, and that it is a very serious matter to them. The great bulk of the investment of Alberta bonds is in the hands of institutions such as insurance companies which gather together the savings of the people in small lots, and the position of which, as a result of the default, the deliberate default, of the Alberta government, has been impaired.

In addition to that, I suggest to the minister—probably his department knows it better than I can state it to him—that a substantial quantity of these bonds is held by foreign investors of the type to which I have alluded, namely, the association of insurance companies in the United States of America. I have had some communications from one or two of them; I can say to the minister that their holdings are substantial and that they were acquired not for speculative purposes but for the purpose of safe, sound investment, on the theory that in the belief that a Canadian province would never default in the payment of its solemn obligation, or that, if it were compelled to do so, this federal government, the government of Canada, would come to its assistance.

Mr. ILSLEY: May I interrupt a moment? I want to make it clear that I was not stating that the bonds generally are held by speculators.

Mr. HANSON (York-Sunbury): No, I do not think the minister did say that; but he waved the big stick against those who are in that category, and he raised the bogy of the speculator—we had it once before in this chamber—and a demagogic appeal was made not to save the bondholders. I know that that is a popular attitude to take in certain quarters, and I am not constituting myself in any degree a champion of the speculator. But I am one of those old-fashioned persons who have always believed in the sanctity of contract. The issue of a bond by a province and the sale of that bond to a bona fide investor is a form of contract and the contract should be carried out.

May I point out what gave rise to this position. In 1935 a new government was born in Alberta. In 1936 that government passed a series of statutes which, I believe, were intended to impair, or at least had the effect of greatly impairing, the financial position of the province. Among other measures, the provincial legislature in 1937 passed what is known as the Provincial Guaranteed Securities Interest Act, chapter 12 of the Statutes of Alberta, 1937, which act purported to reduce by one-half the interest on certain securities guaranteed by the province of Alberta; and the Provincial Securities Interest Act, chapter 13 of the same year—one statute following the other—which purported to reduce the interest payable on securities issued by the province to, in general, half the agreed rates. Those are the two statutes to which I refer: first, the direct obligations of the province, and second, the guaranteed obligations of the province.

The federal government, so far as my research has led me, did not intervene to disallow those statutes. It left the bondholders to fight their own battles, although, as was ultimately shown, the passing of these acts was a clear invasion of the federal authority and jurisdiction. The matter was tried first before Mr. Justice Ewing; then it went to the Appellate Division of the Supreme Court of Alberta, these proceedings being carried on in 1937, 1938 and 1939, and finally got to the privy council, but private interests had to bear the burden of demonstrating the invalidity of these statutes. The privy council decided that the underlying principle of both these statutes was in pith and substance dealing with the matter of interest within the meaning of head 19 of section 91 of the British North America Act, 1867, a subject matter within the exclusive legislative competence of the dominion parliament, and that the acts were therefore ultra vires of the province. The case is reported in 1940 Appeal Cases, 513, and I would refer to the judgment of the Lord Chancellor, Viscount Caldecote, at pages 531 and 535, where in substance that was the conclusion reached. I am not going to inflict a reading of the judgment upon the committee. It establshes beyond peradventure the illegality and unconstitutional position of the province of Alberta, and that position has never been corrected by the province. It has been, in my view, a defiance of the laws of Canada; I do not think there can be any gainsaying that statement. I should like to go just one step further and say it does not reflect any credit on the government of Alberta to defy the law of this country. The figures of their budgets have amply demonstrated that, with the increased income they have had as a result of new sources of revenue and the invasion of certain fields of taxation, they could, for the most part, if not all the time, have paid this bond interest, and the people of Alberta would not have been reduced to the position where they cannot hold their heads up in common with other citizens of this country. Their province, and their province alone, has defaulted—I believe, much against the will of the best elements in Alberta.

This dominion government—I do not speak of it at all in its party sense—would, I am sure, have been quite as willing to help Alberta fulfil its obligations to its bonded creditors as it was to help other provinces, which I shall not name, which did endeavour to keep their contracts with the investing public. I remember very well one occasion upon which the former government assisted the province of Alberta, after the change of government, I believe. But when the incoming Minister of Finance found that these statutes had been passed he was amply justified in taking the stand that he did—that he could not properly assist the province of Alberta because it would not fulfil its obligations.

What is the position to-day? A war has intervened. Alberta has made default in the payment of its bond interest. It has been obliged to make default in payment of certain principal issues that have fallen due, and without any relief from the dominion, on the basis entirely of the theory I have suggested, namely, that the dominion could not and would not condone the action of that province. War has come, but in the meantime Alberta, as I said a moment ago, has increased its revenues and has entered into new fields of financial operations; and if one is to believe what one hears—I do not wish to guarantee the truth of the observation which I am about to make—Alberta has entered new fields of financial endeavour which have cost many hundreds of thousands of dollars and which may not redound to the benefit of the people of the province.

I am not in a position to express an opinion on that last phrase, but that is the position that has been stated to me. It makes it abundantly clear, however, that Alberta as at present constituted, desires to be generous, if I may say so, before it is just. That is the only thing I will say in that regard.

Coming down to the proposals, the necessity for increased revenues for the prosecution of the war is before us. No one knows better than the Premier of Alberta the necessity of an all-out effort in connection with this war, and that means money to his province as well as to anyone else. I have read some of his protestations in that regard. I do

not question for a moment his bona fides with respect to participation; that is not the point at issue now. The Minister of Finance, however, in his budget proposals announced, in fact he intimated beforehand, that it would be necessary for the federal authorities to invade certain taxation fields of the provinces, and I think we all generally understood what was suggested. But in his budget speech on April 29 he was very definite and gave the reasons for his proposals, and as is well known, this House of Commons has unanimously concurred in the proposals in that regard. Now we are down to the point where it is intended to implement the position by voting the sum of $45,000,000 which the minister says it is anticipated will be required if the provinces enter into arrangements with the dominion to vacate the fields indicated, giving up their sources of revenue for the duration of the war.

Under the proposals the provinces are given the choice between two alternatives. I will not go over them; I have already alluded to them two or three times. The minister himself, in his observations to-day, again stated what they were, and I believe every one in the house and in the country who has given any study to the matter understands them. What I do suggest is that alternative (b), namely, the cost of net debt service actually paid by the province during the fiscal year nearest to December 31, 1940, not including contributions to sinking funds, less revenue obtained from succession duties during that period, and the wording of the estimate itself, clearly constitutes a recognition of the status quo with regard to the province of Alberta—and I have already indicated what that status is. It is a status of default.

The minister says that by no stretch of the imagination can it be declared that the wording of the estimate in the way it is drawn up, and the position he has taken, could be considered condonation of the position taken by Alberta. Well, that is pretty strong language. Assuming that is true, then it is a poor reflection upon the intelligence of a good many people in the country who have studied the situation. What can it be but condonation of the attitude of the Alberta government?

Mr. ILSLEY: What is condonation? Is it not approval?

Mr. HANSON (York-Sunbury): Answering the minister's interjection, I would say there are all kinds of approval. There is express approval by words and there is approval by action, and this comes within the second category. This is approval by action.

Mr. ILSLEY: I do not agree.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): And not only is there approval, but it constitutes a discrimination.

Mr. ILSLEY: That is a different point.

Mr. HANSON (York-Sunbury): That is another point, I agree.

Mr. ILSLEY: I do not agree that this implies or expresses any approval.

Mr. HANSON (York-Sunbury): I know the minister does not want to agree to it. That is the point. He does not want to be driven into the position of making any admissions. That was the whole tenor of his prepared argument here to-day. But I want to tell him that the investing public believes that it is condonation, and it will be a distinct blow to the credit of this Dominion of Canada—absolutely. He has it in his power to-day to say to Alberta, "If you accept a certain proposal here you must accept it on the condition that you fulfil your legal obligations to the people who have advanced you money." When is a bond not a bond? That is a question that has arisen in the public mind.

Mr. ROSS (St. Paul's): When it is an Alberta bond.

Mr. HANSON (York-Sunbury): I was not going to answer the question quite so broadly. The people are beginning to be fearful by reason of repudiation. That is a harsh word to use. It is conditional repudiation. That is what the position of Alberta is, and the government, by granting fiscal aid to the province in consideration of the vacating of certain fields of taxation, and by limiting the amount under (b), which is to be paid, to the amount of net debt service actually paid by the province, is putting the seal of its approval on that partial repudiation.

That is the position I take. I know that the government does not want to hear about it. I know that the Deputy Minister of Finance does not want to hear about this sort of thing. It is not a pleasant thing to say, that by implication or inference the federal Department of Finance is recognizing the position taken by the province of Alberta. It is not a pleasant thing to contemplate, but $45,000,000 for a part year and $80,000,000 for a full year is to be paid out to the provinces on certain considerations, and a substantial portion is to go to Alberta provided that accommodation or agreement is reached.

The taxpayers of this country who invested in Alberta bonds, the institutions which gathered the savings of the people of this country and in good faith invested them in Alberta bonds, have a right to assume that

by no word or action, express or implied, will the federal government do anything to perpetuate a situation which the highest court in this land has declared to be illegal. I cannot state the position any better than that. I can argue the matter further and give illustrations which might clarify the view I take, and perhaps I should take a few minutes to do that. Reams have been written about this position in days gone by. Let me put this first position to the minister—I put two or three the other day, but this I think is the strongest I can take, and it is *qua* the taxpayer of Alberta, not the investing public.

It is clear that the result of alternative (b) is to discriminate between the taxpayer of Alberta and the taxpayer of the other provinces. That is the second point to which I alluded and which the minister and I agreed was not the same as the question of condonation. Let us compare the position of the taxpayer of Alberta and the taxpayer of Saskatchewan. To illustrate it as pointedly as possible, let us assume they live in adjoining towns with the provincial boundary between them. Each will now have to pay this new dominion tax, the increased levies of every kind as a result of the budget now passed. Each is offered under alternative (b) a consideration, a *quid pro quo*. This *quid pro quo* in the case of the Saskatchewan taxpayer is substantially double what it is in the case of the Alberta taxpayer. That is a relative term, of course.

Mr. ILSLEY: In what way?

Mr. HANSON (York-Sunbury): Let me proceed; I think I can demonstrate it.

Mr. ILSLEY: The payment to some provinces of course will be greater than the payment to others.

Mr. HANSON (York-Sunbury): The payments to Saskatchewan, which will pay its bond interest in full, are larger and therefore more effective on the Saskatchewan taxpayer than the payments to Alberta, where they pay only half the interest. It may be exaggeration to say it is double, I have not figured out the ratio, but the principle is there. No amount of argument that this discrimination is justified by the action of the Alberta government can obscure the fact that it is a discrimination. In other words the Alberta taxpayer is being discriminated against in relation to his brother across the line. One is receiving more money on the same account than the other.

Mr. ILSLEY: No, no.

Mr. HANSON (York-Sunbury): The interest is not extinguished in the case of the Alberta taxpayer. It is held in abeyance.

Mr. ILSLEY: If we were to pay Alberta $1,750,000, all the taxpayers in Canada would pay more, to begin with.

Mr. HANSON (York-Sunbury): Yes, I agree with that.

Mr. ILSLEY: That is what the hon. gentleman is advocating, that we ask all the taxpayers of Canada to pay $1,750,000 more for the benefit of the Alberta bondholders—

Mr. HANSON (York-Sunbury): That is not an answer to my argument.

Mr. ILSLEY: Let me follow this through —provided the thing is practicable at all. But we have had no intimation from Alberta that they would pass this on. As a government they would be $800,000 worse off if they were to do that, and there is not the slightest intimation that they would do anything of the kind. Surely there should be some suggestion from that government before we take $1,750,000 of the money of the taxpayers of Canada and attempt to force it on them for the benefit of the holders of Alberta bonds. In saying that, we have not condoned anything. I express in the strongest way our disapproval of the repudiation by the Alberta government; I am quite prepared to do that and I do it, but no approval is implied here. The hon. gentleman is repeating the arguments of the committee representing the Alberta bondholders and making a suggestion made by that committee. For those gentlemen I have the highest respect; I know they are sincere and I think the leader of the opposition is sincere. But having given this matter the most careful consideration I can I do not think that when we are making an offer to the whole of the provinces we should go back of this: we will pay you on the basis of cash received in taxes, or on the basis of cash paid. We do not go into the moral history of these people; we do not by that act express approval or disapproval. I am willing to express disapproval here and now of that repudiation, but that is not implied in the offer we have made to Alberta.

Mr. HANSON (York-Sunbury): When the minister rose I thought he was insisting on controverting the argument I was putting forward. But instead he rose to make a speech and got quite hot about it. I do not see any necessity for heat. I can discuss this matter as calmly as anyone.

Mr. ILSLEY: The hon. gentleman has been attacking the deputy minister and the department—

Mr. HANSON (York-Sunbury): No, I did not attack the deputy minister, I said the deputy minister would not want to hear even a suggestion of condonation.

Mr. ILSLEY: And there is none.

Mr. HANSON (York-Sunbury): Well I am suggesting that there is. I have the right to suggest it if it appeals to my reason, and it does. The minister evidently does not want to hear any more argument about this thing. I have stated the position, that this is condonation and discrimination. I am not going to labour the matter. The minister has made it abundantly clear that he is not going to do anything about it, so that I am wasting my eloquence on the desert air. I have been trying to prove a position, but if the minister takes the flat-footed, inflexible position that he usually takes, what is the use? The minister will I think learn from time to time that there are other points of view besides his own. Usually he is courteous in hearing them; I have not much complaint on that score. But I suggest that there was nothing in what I said to-day to cause him to take the attitude he did and to impute to those who hold other views that in effect they are talking nonsense. Because that is what his original declaration that by no flight of the imagination could it be considered that there was condonation spelled to me. That is a poor compliment to my intelligence at least. Perhaps the minister did not intend it that way; I am willing to think he did not. But I do impress upon him that there is more than one point of view in this matter.

Mr. ILSLEY: I realize that.

Mr. HANSON (York-Sunbury): And that the credit of Canada will suffer. Suppose the United States neutrality law should be lifted and this country should find itself in the position of having to go to the United States to borrow money. That is a possibility if the war goes on long enough. One of the first things the minister will be met with is this very question of the Alberta bonds. It is one of the things he would have been met with if he had persisted in the 15 per cent tax on interest on provincial government bonds held by people outside the jurisdiction. The minister very properly, I think, went back from that position. I hope he did it not because of pressure from Mr. Hepburn, but because as a matter of national policy it was desirable to maintain the credit of the provinces, that that credit should not be impaired by federal taxation. I know the minister has heard some of these arguments before. Knowing the inflexibility of the minister's mind I have no hope that anything I may say will be strong enough to induce him to change his position, but I am going to tell him that the whole financial world is watching this operation and the actions of the government. It is unfortunate that this discussion arose right in the midst of the victory loan campaign. I certainly hope it will have no bad effect; it is not intended to have such an effect, and if I had thought it would I never would have raised the question. As a matter of fact it should not have any effect on the loan situation to-day because these are two entirely different positions, and I have no doubt there will be no such effect.

I do say to the minister, however, that I think the government might very well have given consideration to the Alberta position to the extent of saying, "We will offer you not only the net debt service you have actually paid; if you will do your part we will offer you a sum sufficient to pay your debt service in full from now on, disregarding the past." I would not go any farther than that at the moment. Certainly we would not pay their arrears; and with respect to the principal obligations that have matured and are in default, certainly we should not offer to pay those at the moment. A matter such as this should be threshed out by the finance department with the province of Alberta and if possible they should be made to see that in war time the position adopted by the province is detrimental to this country's credit, and that position should be reversed.

Now, having regard to the heat with which the minister rebuked me, shall I say—no, I do not think he intended to rebuke me, but the heat with which he controverted and interrupted me—I do not think I will say anything more, because I am afraid it would be useless. But I do ask the minister and the department to review the whole position between now and when we meet again in November, in order to see if something cannot be done to remedy the situation. In the meantime I lay down the principle that if the present policy is pursued, on the one hand it is condonation and on the other it is discrimination.

Mr. COLDWELL: I want to say to the minister first that I was very glad to hear him make the statement that if the Alberta government had approached the dominion government, and if an arrangement had been made under which the full debt service would have been paid to that province, no speculator would have been allowed to benefit by any appreciation of the bonds, and a capital gains tax would have been instituted. It is a reiteration of the position the minister took during the dominion-provincial conference in January, though apparently that was overlooked

by many of the critics of the conference who tried to make people believe that those of us who thought it better to straighten out difficulties as between the dominion and the provinces by conference before the end of the war, in order that we might continue the war and prepare for the aftermath, were friendly to the bondholders.

This morning we have listened for nearly an hour to the leader of the opposition making a plea for consideration of the bondholders and the creditors of the province of Alberta. I hold no brief for the government of that province, as I think everyone knows, but I do say that at the time Alberta found it necessary to reduce the interest on its bonded indebtedness the people of that province, like the people of Saskatchewan, were suffering one of the greatest financial and economic depressions that any people had ever been called upon to suffer. The necessities of the situation compelled the province, and I think perhaps ought to have compelled the neighbouring province of Saskatchewan, to do something in regard to the interest on its bonded indebtedness. I do not say that the right plan was adopted. I believe it would have been much better if the provinces of western Canada, in the situation with which they were faced, had entered into negotiations with a view to relieving themselves of a part of this burden. But let me say this also in defence of the province which did take a step in that direction, that the creditors during the years before the step was taken did not offer at any time to consider such proposals or to attend any such conference.

Mr. HANSON (York-Sunbury): If the hon. member will allow me a word, is it not usual for a debtor to seek out his creditor, and is it not the duty of the debtor to do so if he wishes to make a compromise?

Mr. ROSS (St. Paul's): And if I may ask a question, was not a thorough investigation made by the Bank of Canada as to the ability of the province of Alberta to pay its debts? Was it not found in that investigation that the one province which of all the western provinces needed relief least was Alberta? Was it not found by the Bank of Canada that they could pay their interest?

Mr. COLDWELL: Well, probably the hon. gentleman is right in a part of his contention. No doubt there were provinces on the prairies that required relief even more than Alberta, but that does not say Alberta did not require relief also. I was and still am critical of Saskatchewan in that it did not seek some relief at that time, because the failure to do so placed a burden upon the people of Saskatchewan from which they have not as yet recovered.

I have in my hand a graph taken from the report of the royal commission on dominion-provincial relations, appendix 4, indicating quite clearly what happened. Taking 1926 as the base of 100 in dividends and interest payments, in 1930 these went up to just over 120 as compared with the 1926 level and then in 1933 dropped down to the lowest point, which was 78 as compared with 100 in 1926. But when you look at the condition of the people of the agricultural provinces, what do you find? Taking 1926 as the base of 100 we find that by 1932 they had reached the unprecedented depth of only 18 as compared with the 1926 level. And then my hon. friend the leader of the opposition speaks of the sacredness of a contract! I say that a contract ought to be sacred, but that human life, human happiness and human welfare are even more sacred.

Mr. HANSON (York-Sunbury): Did not the Sirois report also recommend payment of the back interest; and did not Mr. Graham Towers, who made a survey of the whole position, say that Alberta could pay?

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. COLDWELL: Just before one o'clock the leader of the opposition asked me if I knew that the Bank of Canada and the Rowell-Sirois reports had stated that Alberta could meet her full indebtedness. I have not looked up the Bank of Canada report in that connection, but if my memory is correct the only statement that could be interpreted in that way is one to the effect that Alberta's debt was not out of line with the debt of other provinces. I find the following at page 239 of volume I of the Rowell-Sirois report:

> National interest has been centred on Alberta's arbitrary reduction of debt charges. These have consistently been the highest of any province in Canada and it is perhaps not surprising that they were singled out for attack. Provincial net debt charges in 1930 were $4·3 million annually, and in 1937 at full interest rates would have been (after adjustment for interest received) $5·4 million; actually they were $3·6 million. Only 22 per cent of the provincial funded debt is payable in Canadian currency only, and more than one-half the debt bearing 4½ per cent coupon rates or higher does not mature until after 1950. It is consequently evident that the provincial debt at its original coupon rates was in a technically rigid and vulnerable position, and only small reductions in carrying charges would have been possible through orderly refunding.

However much we may dislike the idea of repudiation or forcible reduction, the Rowell-Sirois commission recognized that something more than was generally suggested had to be done about the matter. Although I am not defending the action of the Alberta government in making an arbitrary reduction, faced with the acute situation to be found on the prairies at that time, I believe that they were justified in bringing about a reduction in the carrying charges of their debt. This morning I said that my criticism of the government of Saskatchewan was that it had done nothing of a similar kind to relieve the terrible situation that existed. I am glad that in this suggestion of the Minister of Finance some removal of the debt burden will occur for that province. I should like to justify what I have said by quoting again from the Rowell-Sirois report at page 237:

> Expenditures on education and public welfare (excluding relief) were cut between 1930 and 1937 by one-quarter. Education was particularly hard hit—joint provincial-municipal expenditures on education were reduced 40 per cent and rural municipal expenditures were cut by two-thirds. In the long run, when the personnel affected can find alternative employment, these reductions must produce serious deterioration in standards, and, as we have observed elsewhere, this concerns not only Saskatchewan but the whole country. The reduction in public welfare expenditures at a time when needs were increasing on a gigantic scale is the cold statistical reflection of a tremendous amount of human misery. It is not a surprising, although a tragic, commentary that the pressure on mental institutions became particularly acute and beds are lacking for one-third of the serious cases. It is true that expenditures on a per capita basis are not materially below the Canadian average, but in relation to the needs (and in relation to the previous standards which were maintained) they were inadequate.

What happened in Alberta was that the government, faced with the choice of maintaining certain social services—they were dropped to some extent—or maintaining contractual obligations on the bonded indebtedness, chose the former rather than the latter. When we discuss these matters in this house we should try to see both sides of the question. The minister, in making the statement that he did this morning was explicit when he said that even if some agreement were reached with Alberta, the speculators in provincial bonds would not be allowed to benefit. This will do much to relieve the minds of many people who have believed, quite honestly but without proper foundation, that the Rowell-Sirois report was drawn up from the point of view of bondholders rather than from the point of view of the welfare of the provinces.

I should like to repeat what I said yesterday, that if we are to maintain the morale of our people we must give them some assurance

that this parliament will endeavour to relieve distress now and, when the war is over, lay a foundation for something better than we have known. It seems to me to be useless to make speeches in this house decrying the attempts, however feeble or wrong they may be, that are made in that direction. The thing to do is to try to straighten out these difficulties and lay some foundation so that we may build more properly in the future. In the long discussion that has taken place I think there has been—I see the leader of the opposition is in his seat and I am going to make this criticism—a feeling on the part of some of us that the interests of the bondholders and the financial elements in this country were being too well looked after, and that not enough attention was being given to the interests of the human family. I hope we can get the difficulties straightened out so that in the future we may be able to build for something better than we have known in the past.

Mr. BLACKMORE: In his tirade against Alberta the leader of the opposition probably overdid himself a little, and perhaps he merited a measure of attention on that account. May I proceed to give him that attention?

I gathered from what he said that he thought that the trouble in Alberta with respect to the cutting down of interest rates, default on maturities, et cetera, began with the election of a Social Credit government in 1935. It really is too bad that before the hon. member made such a reckless statement he did not more accurately inform himself concerning the history of Alberta. Considering, however, the fact that he is rather new to his job and has a great many tasks thrust upon him, perhaps we must forgive him, but I believe it is my duty to point out to him certain facts so as to help him from falling into such errors again.

I am going to read some quotations from the Bank of Canada report on the financial position of the western provinces, but before I begin this rather tedious task may I observe, Mr. Chairman, that it is a great pity that people do not know more about the province of Alberta, and it is purely in the interests of giving general information to the people throughout Canada that I am imposing upon the committee this somewhat lengthy discussion this afternoon. May I now read from the Bank of Canada report, at page 4, concerning Alberta:

> **The policies pursued from the time the province was created (1905) until the year 1922, had a profound effect on the financial position of the government of Alberta. The roots of many of Alberta's present problems were**

developed during this period. Only the exceptionally rapid economic progress of the time can account for the fact that extravagant governmental expenditures, direct and indirect, were allowed to proceed on such a scale and to last so long as they did.

Almost immediately after the formation of the province, ambitious telephone and railway policies were launched. Poor judgment, loose administration and over-expansion were to make both utility ventures costly.

May I draw to the attention of the leader of the opposition the fact that any government which takes power in Alberta has to assume responsibility for the results of those policies, regardless of the name that government may bear; the behaviour of that government therefore is going to be in large measure controlled by those policies and their effects going on through the years?

May I now read another passage from the same Bank of Canada report, at pages 34 and 35. While I am finding this passage may I pause to congratulate the governor of the Bank of Canada on what I consider to be one of the finest services he ever did for the dominion when he went out and made an impartial investigation into the province of Alberta. When from coast to coast there was misrepresentation, misunderstanding, ignorance and foolhardy passion concerning the province of Alberta, this young man went out there and calmly and judiciously investigated conditions in the province and set down the facts as he saw them in this report. I quote from page 34:

In appraising the present financial situation of the province of Alberta, we found that special emphasis must be placed on the events of the years 1905-22. In 1922, after Alberta had been in existence for 17 years, the province's debt (including guarantees, subsequently implemented) was approximately $95 millions. This debt was over twice as large as that of Saskatchewan in the same year, and 50 per cent larger than that of the much older province of Manitoba. Substantially more than half of the Alberta total represented accumulated losses and deficits, and so-called assets which, in fact, were proving a constant drain.

Mr. HANSELL: That was under a Liberal administration, too?

Mr. BLACKMORE: Yes. One could remark about a Liberal administration but I do not wish to interject politics into this.

Mr. BRADETTE: Oh, no.

Mr. BLACKMORE: Not at all, and I am talking, and no member knows what is in my mind except myself. I continue the quotation:

After making full allowance for the rapid economic development of the new province, and the legitimate cost of facilities provided by the government to aid and stimulate this development, it remains the case—in our opinion—that the 1905-22 period was characterized by waste, loose administration, and incurrence of debt to an extent which could not be justified even when allowance is made for the optimistic spirit of the times.

During the fiscal years 1923-30—on the whole a period of prosperity for all three prairie provinces—the Alberta government did not take the opportunity to improve its financial position; in fact, a deterioration would have taken place had it not been for the fact that the province was successful in selling its railways to the Canadian Pacific Railway and the Canadian National Railways in 1928 and 1929. In doing so, the province realized a substantial loss, but was fortunate in getting out of a venture which had cost, on the average, $3 millions per annum in cash advances and carrying charges during the twenties. The province was left with a residual liability of $24½ millions, involving interest charges of approximately $1¼ millions a year. The advantageous sale of the railways enabled the province to regain its 1922 position in respect to net debt. As we had previously noted, the 1922 position was such a poor one that the necessity for an improvement should have been recognized at that time. The opportunity afforded by the years of prosperity was allowed to pass, and in only one year during this period would Alberta have had a real surplus on current account if allowance is made for the items which were capitalized instead of being charged to ordinary expenditure, where they belonged.

May I pause to point out that there again is the story of a series of events for which the Social Credit administration could by no honourable and fair-minded man be held accountable? The report goes on:

During the six fiscal years 1931-36, the net outstanding liabilities of the province increased by some $52 millions. Of this increase, approximately $16 millions was accounted for by deficits on current account.

May I stop there a minute? You notice that the report says "deficits on current account". Is the new administration coming into power in 1935 supposed to be able to run the province without a deficit of any kind? That is the question. And if it is to run the province without a deficit, then where is the safety-valve going to be? I continue the quotation:

Of this increase, approximately $16 millions was accounted for by deficits on current account, $13 millions by expenditures on fixed assets such as roads, bridges, buildings, irrigation, et cetera, and $19 millions by relief and relief works (including relief expenditures capitalized as public works). About half of the net increase took place during the first two years of the period, when capital expenditures were being continued on a substantial scale, and no marked retrenchment in ordinary expenditures was taking place. Moreover, debt charges were substantially increased during these two years, partly because of new borrowings to finance the capital expenditures and current deficits, and partly because of the large amount of refunding which had to be done under unfavourable market conditions.

May I now read another passage from this same Bank of Canada report, this time at page 36:

> Of the 1931-36 period as a whole, it may be said that delay in effecting the adjustments made necessary by the depression was responsible for a substantial increase in debt and debt charges. When measures of retrenchment were applied they were severe, but, even so, it was not possible to balance the budget on current account, much less provide for the province's share of relief costs.

Again, I read from page 25:

> By the summer of 1935 Alberta had largely exhausted its liquid and realizable assets—

May I pause there to draw the attention of hon. members to this fact?

> By the summer of 1935 Alberta had largely exhausted its liquid and realizable assets in order to meet its chronic cash deficiencies, and when a run on the savings certificates took place in August, 1935, the necessary funds were not available.

That run took place before the Social Credit government was elected and some time before the Social Credit government took office.

Now, if the leader of the opposition is going to be entirely fair, as I know he wishes to be, he will make allowance for facts such as I have outlined.

May I turn for just a few moments to the question of savings certificates, which was referred to in the last part of the excerpt that I just read. The savings certificates were, in a way, somewhat like our dominion savings certificates. For a good many years people in Alberta had been encouraged to lend their money to the province and to take a savings certificate in return therefor, with the guarantee of a specified rate of interest. As I recall it, the rate was four and a half per cent. As a result, a great deal of money had been lent by the people of Alberta to their provincial treasury, until, in 1934, their loans to the government totalled $12,000,000,—$12,000,000 of savings certificates which were, in effect, demand documents on the provincial government, just as though a person had money in a current account in the bank. Now it is quite clear that just as soon as people began to be uncertain about the stability of their government, or just as soon as they began to get into financial difficulties, there would be a heavy drain on that $12,000,000 and consequently a heavy drain on the government treasury.

In 1934 Alberta was off the money market of the world. I suppose the rumour has reached Ottawa that the Social Credit government destroyed the credit of Alberta. Never was a bigger lie created and foisted upon the people. The credit of Alberta had been destroyed in 1934, because in that year Alberta was already off the money markets of the world.

Again, there was a run on the savings certificates in the fall of 1934. In order that hon. members may be able to realize the import of that statement, let them call to mind that the Social Credit government was elected on August 22, 1935. There had been a run on the savings certificates in the fall of 1934. By 1935 the government then in power had redeemed $2,000,000 of these certificates in an endeavour to recover the financial stability of the province. But their cash was completely exhausted. As the Bank of Canada report points out, their liquid assets were gone. On July 28, 1935, the government suspended payment on the savings certificates. That meant immediately, of course, that the credit of the province was gone, if it could have been destroyed any further than it already was.

Those are not all the troubles. I am not complaining; all we want hon. members and the people of this country to realize is that when the new Social Credit administration of Alberta went into office it faced an exceedingly difficult task, and it set about to solve the problem confronting it with all the honour, the courage, the determination and industry that a group of men, honest and sincere, could command.

May I point out some other troubles which that group of men confronted when they assumed office on September 3, 1935. In the first place there was an overdraft at the bank against Alberta of $5,700,000. Let any hon. member of this committee imagine that he is the premier of a province taking office in a new administration; that he goes to the bank and finds an overdraft of $5,700,000 against him to start with. There were unpaid salaries of the civil servants amounting to nearly a million dollars. I notice that four or five hon. members have not begun to take this seriously at all, although others have.

Mr. PINARD: Do not stop.

Mr. BLACKMORE: All right, I will go ahead fast enough.

Mr. PINARD: Pause once in a while; then go ahead.

Mr. BLACKMORE: It is only a cough; we will forgive it. I said that there were civil service salaries unpaid in the amount of a million dollars which had to be met; the money had to be got somewhere, and the administration had to get it with, already, an overdraft of $5,700,000 against them, with their province having been off the money market

for over a year, and with $10,000,000 of savings certificates in default against them throughout the province.

That was not all their trouble. In 1935 the United Farmers of Alberta government borrowed a quantity of money in addition to its budget and committed the province for those borrowings to the extent of $8,927,000. It is almost as though the bird knew that it was going to get off the nest, and decided to do everything in its power to foul the nest before it got off! Further there were in Alberta on the books of the tax collectors $17,000,000 of uncollected taxes.

Mr. WOOD: They should be an asset against a liability of $5,000,000.

Mr. BLACKMORE: All one needed to do was to try to collect those taxes in 1935, and he would soon find that they were not much of an asset. Wait till you hear the facts. So much depends on the facts. You are getting them, and you will get them a lot faster if you will let me do the talking.

Mr. WOOD: I am a bit dumb on social credit.

Mr. BLACKMORE: This has nothing to do with social credit. This is just the highly-lauded orthodox economics on which my hon. friend is such an authority.

Mr. WOOD: Well, I am always suspicious that we will get a shot of social credit before we are through.

Mr. BLACKMORE: I would suppose that 1935 was one of the most disastrous years in the history of Alberta. We were burnt out in the south, frozen and flooded out in the centre; we had too much moisture away in the north, and there was a great deal of hail. Once in a while a great calamity like that occurs. It occurred in Alberta's history in 1935. I remember having met members of the caucus of the Social Credit government when they first came together to consider the tasks which had been placed upon them, and I recall one man in the caucus saying that there was not a constituency from the north of the province to the south that was not seeking agricultural relief in that particular year, 1935. In 1936 there was a repetition of the drought, and in 1937, believe it or not, there was another repetition of it.

May I call the attention of hon. members to the fact that the first debenture security to become due for the new Alberta government fell due on January 15, 1936, before the new government ever had a chance to draft a budget at all, and while it was still struggling to adjust itself and to make ends meet under the last budget of the United Farmers of Alberta. That maturity was $1,577,000. I am not going to weary the committee by repeating the figures I have already given, but if hon. members will take the trouble to go over them, taking the financial commitments and obligations which faced the new administration, they will be astounded. The amazing thing was that the administration was able to get under way at all.

I will read now a statement from the provincial treasurer of Alberta which was given last year in the banking and commerce committee. I am not going to run the risk of misstating anything. I have had only a very short time to prepare this speech, as hon. members can see, because the last thing I expected was an attack upon Alberta to-day—the very last thing! I certainly was not prepared to deal with anything of the sort. I have had to rush around and get together some information that would help to put the case for Alberta. Let me read from page 68 of the proceedings of the standing committee on banking and commerce of last year, 1940. Mr. Low is speaking:

> Immediately after this government came into power, you will remember the premier and a number of his advisers—I was not then a member of the government—came down to Ottawa; and on September 26, 1935, these are the amounts which they borrowed from Mr. Bennett's government. By the way, they asked Mr. Bennett for a lump sum of money which he said at the time he was not prepared to advance because of the imminence of a federal election. But he did say to the premier at the time, "If you will be content with this much, then after the election is over, if we are returned to office, come back and we will consider the remainder. Then you will get along all right."

As I remember, the leader of the opposition was in the administration of the man who made that statement. You can see quite clearly from that incident that the Prime Minister, Right Hon. R. B. Bennett as he was then, was quite in sympathy with the financial situation which existed in Alberta, because he knew it thoroughly.

> These sums were then taken back or arranged for at the time of the premier's visit to Ottawa, in September, 1935, just after we took office: For unemployment relief, $330,000, for which commitments had already been made,—

The previous government had said that the money would be paid and they went out of office and left the new government to pay.

> —for agricultural relief, $1,200,000, for which commitments had already been made. We had to have that money to pay the amounts that had been committed. For re-loaning to the city of Calgary, another $200,000 which had been promised them by the previous administration. Calgary had been promised $450,000. They obtained $250,000 in June by loan from the federal government and another $200,000,

the balance of their request, in September. For completion of the trans-Canada-Jasper highway, a joint relief project of the dominion and the province, $300,000. The work had been done by September 26 and the contractors wanted their money; they came to us and asked us to pay it. We had to dig up the money somewhere. For public institutions, $25,000—for enlargement, by the way, of the mental institution at Ponoka; and for general purposes, including salaries of civil servants which were in arrears, $995,000. Those are the sums that were arranged for on September 26, 1935, on our first visit to Ottawa.

Mr. Donnelly: How much is that altogether?

The Witness: I have not the total here. I could figure it out for you if you just let me have a moment.

Further than that, in November of 1935, arrangements were made for further borrowings for unemployment relief of $1,000,000 for which no provision was made in the budget, but which we had to meet. These were absolutely uncontrollable.

January 15, 1936, is the date of the first debenture maturity after the Alberta government came into office. On that date $1,577,000 of bonds fell due, which amount had to be borrowed because no provision had been made in the budget; and for unemployment relief also in January of 1936, borrowings of $2,600,000.

May I point out once more to the members of the committee that the Social Credit government had not yet been able to draft a budget. They were still carrying on under the budget of the previous administration and had to meet commitments over which they had had no conceivable control.

Mr. HANSON (York-Sunbury): They asked for it.

Mr. BLACKMORE: Just in the same way that my hon. friend will ask for control of this government in the next election.

There are one or two other matters that have a certain bearing on the question. Let me read now a statement or two from Right Hon. R. B. Bennett before he left this house—he is a viscount now. It is really too bad that the leader of the opposition of the present time was not a member of the house at the time his leader made these remarks; I think he would then have been sufficiently advised not to make the reckless statements which he has made. I am going to read from *Hansard* of April 9, 1937, at page 1410. I think we can pretty safely say that Right Hon. R. B. Bennett at that time was in an ideal position to pronounce definitely upon Alberta. He was himself the member for Calgary West; he knew Alberta as perhaps no other man in the dominion government at that time knew it; he had himself been in the Alberta legislature for a considerable time and understood the problems which were being considered; he had participated in the famous debate in the Alberta legislature which destroyed one administration—the debate in connection with the Alberta and Great Waterways railway. Altogether he was in an admirable position to know whereof he spoke, and he was the man who was prime minister when Premier Aberhart first came and laid his cards upon the table and explained the situation. Mr. Bennett said:

When the minister said to the province of Alberta that he would not help them out of their difficulty by advancing them, through loans or otherwise, sufficient money to enable them to pay their maturing obligations, his statement was regarded as a policy. Many people scattered throughout the province in which I have long lived, as well as people residing in other parts of Canada, found themselves in straitened and difficult circumstances because their investments had been wholly in those securities the market value of which fell to a very low figure, and the interest upon which was reduced to half of what the coupons carried. If that policy is reversed, if it is not applied to the provinces of Saskatchewan and Manitoba, obviously a situation is created in which the people of Alberta have just cause to say they have been discriminated against. Because if the minister will accept what I think he will, namely that the implication of his refusal to assist Alberta involved the thought that the same policy was to be applied to all the provinces—

Mr. Dunning: And it was.

Mr. Bennett: No, no.

Mr. Dunning: I refused British Columbia and Saskatchewan at the same time and on the same grounds, in connection with the same class of matter.

Mr. Bennett: Yes, but the provinces of Saskatchewan, Manitoba and British Columbia have not defaulted. The province of Alberta defaulted.

Mr. Dunning: If the right hon. gentleman will permit, on the maturity which was the occasion of the default, both British Columbia and Saskatchewan had maturities at the same time and received precisely the same answer.

Mr. Bennett: Yes, but I am pointing out that Alberta defaulted.

Mr. Dunning: Yes.

Mr. Bennett: And the others did not. Alberta defaulted because it was unable to secure money from the dominion government to prevent it from defaulting;—

Note those words:

Alberta defaulted because it was unable to secure money from the dominion government to prevent it from defaulting; that was regarded as an indication of a policy which I believe, rightly or wrongly, should not have been put in force at that particular time.

May I read another statement coming from the same right hon. gentleman after he had had another month or so to reflect and to read over the Bank of Canada report. The leader of the opposition will be impressed by the fact that Right Hon. R. B. Bennett read through the Bank of Canada report with great care, the report from which I have quoted,

and he estimated very accurately, I would say, the true situation with respect to Alberta. At page 2882 Mr. Bennett is reported as saying:

On a review of the report made with respect to that province—

That is, Alberta.

—I find that it has been treated entirely differently from the provinces of Saskatchewan and Manitoba. When Alberta first made application for a loan to enable it to meet its obligations, the application was refused. As a result of that refusal, and the statement made subsequently, they cut down their interest payments to half.

Now that is definite enough, surely!

As a result of that refusal, and the statement made subsequently, they cut down their interest payments to half.

Hon. members see where the Right Hon. R. B. Bennett placed the responsibility for the cut in the interest payments.

The report points out that if they had been in a position to discharge their obligations in that regard they would have been able, by securing money from the dominion, to be in exactly the same position as the other provinces of Saskatchewan and Manitoba. The report concludes in this way:

"Its position would be little worse than that of Manitoba, but distinctly better than that of Saskatchewan; and a claim for assistance would, no doubt, be considered in the light of these facts. It is the case, however, that Alberta's budgetary position differs materially from that of the other provinces, by reason of the fact that interest payments have been reduced by 50 per cent, or $3,400,000, and, other things being equal, its cash requirements have been reduced by the same amount. We can only deal with the situation as it is—not as it might have been in other circumstances. We find that Alberta can maintain its governmental services on as favourable a basis as Manitoba or Saskatchewan without receipt of additional assistance, and we therefore see no basis for recommending that temporary financial aid should be extended by the dominion government."

The Bank of Canada was taking it for granted that Alberta had cut its interest and was computing on that basis. Mr. Bennett continues:

Preceding that, the report states:

"Our recommendation of dominion government assistance in the cases of Manitoba and Saskatchewan was based on urgent needs of those provinces for cash during the time required for the examination which will be conducted by the royal commission. If Alberta were now paying full interest on its obligations the province in 1937-38 would presumably have to borrow its full share of unemployment relief from the dominion, and on the basis of budgetary estimates (not including debt retirement) would have had a cash shortage of about $600,000."

May I interject, before going on with Mr. Bennett's remarks, that the leader of the opposition made the statement that Alberta deliberately defaulted. Now I challenge the word "deliberately" as applied to the default, except in this sense: men are faced with two very unpleasant and disagreeable paths, either of them is subject to many objections. They choose the one that they think is the less objectionable, the lesser of two evils. If the path they chose led to default, surely when the statement is made the qualifications and reservations should be included.

I read on from Mr. Bennett:

Then follows what I first read, and that condition exists because the government of this country declined to make an advance to that province which would have enabled it to meet its obligations. The minister may shake his head as much as he likes; it does not have any effect on my mind. I have read this report. Because of this refusal, because Alberta did not join the loan council, because it took the action it did, we find it treated differently from Saskatchewan, which was able to secure $3,000,000 from the Bank of Canada. Under the law that bank could no longer continue to loan that money, so it was compelled to purchase bonds of the Saskatchewan government, and to that extent it has made an investment in a bankrupt province, admitted by the bank to be such. Alberta has been unable to secure money from the bank or from the dominion; it has been denied any assistance, and as a result the bondholders have been compelled to take fifty cents on the dollar, while we are voting money to enable the other provinces to pay one hundred cents on the dollar in connection with their bonds.

May I interrupt here to express my admiration and my commendation of the Minister of Finance for the remarks he made in reply to the leader of the opposition. The spirit of fairness which he manifested in that speech will I believe redound to his credit for many a year. There was in it clearness of vision and willingness to be fair.

The CHAIRMAN: Order. I have to inform the hon. gentleman that his time is up.

Mr. ILSLEY: I should like to say a few words, not specifically in answer to the hon. gentleman (Mr. Blackmore) but in order to bring this debate back to where I think it ought to be. I would remind the committee that we are concerned with an item voting $45,000,000 to make good our offer to the provinces, and in discussion of that item the leader of the opposition (Mr. Hanson) suggested that our offer, so far as Alberta is concerned, should be amended; that we should not offer to Alberta the two alternatives we offer to all the other provinces, but should modify that offer so that one option should be not on a basis of cash paid but on the basis of cash which would have been paid had the bond interest of Alberta been paid in full. Upon the speech of the leader of the opposition some discussion has developed, and unfortunately I think has now developed

into a debate as to whether the Social Credit government of Alberta was justified in taking the steps it did and whether dominion governments in the past have been fair in their treatment of Alberta.

I am not prepared to deal with those issues. I can hardly agree with the hon. gentleman who has just taken his seat, in his view as to the necessity of Alberta's default. I do not approve that default; I expressly disapprove it. I condemn it in no uncertain terms, and if the hon. gentleman had read some other parts of the report of the governor of the Bank of Canada he would have seen that the governor of the Bank of Canada took the same view. At page 39 of the report I find the following:

In our reports on the financial positions of the provinces of Manitoba and Saskatchewan, we expressed the opinion that the dominion government would be justified in extending temporary financial aid, pending the report of the commission referred to above.

As regards Alberta, we must note, in the first instance, that the decision of the government to pay only 50 per cent of the interest due on bond issues and savings certificates has had a major effect on the budgetary position and on the amount of the province's cash requirements. Yet we cannot report on the financial position of Alberta without expressing regret that this repudiation of interest liabilities should have taken place. There are legal and moral reasons for the fulfilment of contracts, but, leaving these entirely out of consideration (although we do not minimize their importance) we believe that self-interest alone should have induced Alberta to fulfil its contractual liabilities in respect of interest. Default produces a lack of confidence which is not confined to prospective buyers of government bonds. It has its repercussions on the investment of capital in enterprise, and hampers economic development. In due course the government revenues are bound to be adversely affected by such a situation. If it were thought that Alberta was permanently on the down grade, that the era of expansion had ended, and that the government would have little or no occasion in future to provide the additional facilities which are needed by a growing and prosperous community, there are some who might claim that the loss of credit standing was of no great importance. We could not subscribe to any such pessimistic view of the future of Alberta. It is, therefore, our opinion that a situation which involves impairment or destruction of Alberta's credit standing also involves an indirect cost to the province far exceeding the immediate pecuniary advantage gained.

I want to point out that while the governor of the Bank of Canada thus somewhat decisively condemned the default of the province of Alberta, when he went on to make his recommendations, which appear at page 41, he did not suggest that the dominion should make a grant to Alberta on the basis of Alberta having paid or paying its bond interest in full. He said the situation would have to be taken as it existed. I want to quote from page 41:

With a scale of taxation no higher, and a scale of expenditure no lower than in Manitoba and Saskatchewan in 1937-38, Alberta expects to balance its budget on all accounts (ordinary, capital and relief) with the exception of debt retirement. Our recommendation of dominion government assistance in the cases of Manitoba and Saskatchewan was based on urgent needs of those provinces for cash during the time required for the examination which will be conducted by the royal commission. If Alberta were now paying full interest on its obligations, the province in 1937-38 would presumably have to borrow its full share of unemployment relief from the dominion, and on the basis of budgetary estimates (not including debt retirement) would have a cash shortage of about $600,000. Its position would be a little worse than that of Manitoba, but distinctly better than that of Saskatchewan; and a claim for assistance would, no doubt, be considered in the light of these facts. It is the case, however, that Alberta's budgetary position differs materially from that of the other provinces, by reason of the fact that interest payments have been reduced by 50 per cent, or $3,400,000, and, other things being equal, its cash requirements have been reduced by the same amount. We can only deal with the situation as it is—not as it might have been in other circumstances.

I want to call those words to the attention of this committee:

We can only deal with the situation as it is—not as it might have been in other circumstances. We find that Alberta can maintain its governmental services on as favourable a basis as Manitoba or Saskatchewan without receipt of additional assistance, and we therefore see no basis for recommending that temporary financial aid should be extended by the dominion government.

I am answering now both the hon. member for Lethbridge (Mr. Blackmore), who says that Alberta was unjustly discriminated against—

Mr. BLACKMORE: If the minister will allow me, I should like to point out that I did not say that. I was reading the words of Right Hon. R. B. Bennett.

Mr. ILSLEY: That is correct; the hon. gentleman was quoting, with approval, Mr. Bennett's words, and Mr. Bennett was arguing that Alberta was being discriminated against. In answer to that I am quoting the governor of the Bank of Canada, whose report has been cited in this house with great approval by the hon. member for Lethbridge, and with which I also agree.

Mr. BLACKMORE: Perhaps the minister will allow me to say also that I was answering the leader of the opposition by quoting the words of his former chief.

Mr. ILSLEY: I am also answering or attempting to answer the leader of the opposition, who seemed to think that unless we deal with the province of Alberta as though there had been no default; that is, unless we pay them sums of money which perhaps we would have been prepared to pay if there had been no default, we are condoning that default. In 1937, when Mr. Towers made that report, it was never argued that we should pay the province of Alberta a large additional sum of money on condition that they pay it to the bondholders. Nor was it ever argued that this government condoned the action of Alberta because it did not take that step. I will come back a little later to the hon. member for Lethbridge, but the leader of the opposition argued strongly to-day that we were condoning or approving the action of Alberta by this step. My first point is that we are not doing so now, nor were we doing so in 1937 and 1938. We went upon the only possible basis, which is put very clearly in Mr. Tower's words; we can only deal with the situation as it is, not as it might have been in other circumstances.

The purpose of this offer to all these provinces is to make it possible for the dominion to collect the necessary tax revenues. The purpose of this offer is not to straighten up situations that may exist as between provinces and their creditors. Those situations might be various. We are now in a time of war, when we have to impose taxation efficiently and equitably, and the purpose of this offer to the provinces was to make a uniform offer which would be on the same basis for all and which would enable us to impose taxation efficiently and equitably. In making this offer it was important to have some regard to provincial sensibilities, shall I say, or at least certainly not to give the impression that we were wielding the big stick on the provinces. For that reason we made an exceedingly fair offer to the provinces, an offer which several times the leader of the opposition has said he thought was generous.

Mr. HANSON (York-Sunbury): I think so yet.

Mr. ILSLEY: When it became apparent that some provinces would not want to leave the succession duty field, we made no attempt to get them to leave that field; we left them there and imposed moderate additional succession duties. It was pretty well known that some provinces wished to control their natural resources and to be left the right to tax those natural resources; so it was an express provision of this offer that the provinces would continue to tax their natural resources and that such taxation would not be affected by this offer. In regard to the gasoline tax revenues it was not clear what the future would be with regard to the revenues which would be derived in that way; we therefore gave an undertaking to the provinces that we would see to it that their revenues from gasoline taxes were maintained at the 1940 level, provided that they did not alter the existing rates. We gave an undertaking that the arrangement would be entirely temporary, so that it could not be said that we were attempting to move into this field permanently, as we knew in all probability would be said. To ensure that it would be temporary we provided that any province could, at any time, withdraw from this arrangement.

The whole spirit of the offer was to give the provinces a chance to finance themselves and to raise their necessary revenues, and to give them all the necessary safeguards and guarantees. It would be inconsistent with the spirit of that arrangement if we went to one province and tied a condition on to the offer made to them. That is what is suggested—that we offer to pay Alberta a larger sum it is true than the amount mentioned in our actual offer, but that we attach to that a condition which in effect says to Alberta, "You, alone among the provinces, will get so much money, but you will get it only on the condition that we say what the destination of that money will be." That is contrary to the whole spirit of our offers to the provinces, which offers as I see them had a high regard for provincial autonomy, for provincial rights and for provincial sensibilities.

I cannot help saying again that I think the question is largely academic so far as Alberta is concerned. There is not the slightest indication that Alberta would want us to make an offer of the kind or would accept such an offer if we made it. They would be $800,000 worse off than they would be under the offer that is made, and I cannot help thinking that it would be just an idle gesture. It might muddy the waters, and it would place this province out of line with the others. It would be incorporating into these offers an element of domination by the dominion.

Before I conclude I should like to say something about the argument of the hon. member for Lethbridge which was, I think, that Alberta is not able or has not been able to pay its bond interest in full. That argument may have been quite good in 1936. I listened with interest to the facts which the hon. member has given but I should like to tell the committee that there has been a vast improvement in the financial showing of the province of Alberta since that time. I have Mr. Low's consolidated revenue and

deficit account. It shows that for the fiscal year 1935 revenues were $15,698,000 and in 1940, $24,410,000. In 1935 the expenditures were $17,436,000 and in 1940, $21,922,000. These expenditures include ordinary expenditures and unemployment relief but do not include agricultural relief or capital expenditures. It is hard for Alberta to maintain its position that it is unable to discharge its obligation. It may have been unable to do this in the past, but I do not think it is now.

Mr. BLACKMORE: The minister is giving a fine dissertation on the matter, but I think it is only fair to point out that Alberta is reducing her indebtedness. She has cleared off over $3,000,000 of these savings certificates that were causing her trouble, and she has made commitments to meet her debts just as rapidly as she can. The day will undoubtedly come when, if Alberta sees she can do it, she will pay off all the debts that it is possible to pay.

Mr. ILSLEY: Those are internal obligations; she is discriminating in favour of her own residents.

I conclude with a reference to the condonation which the leader of the opposition was pressing so hard this morning. He dealt with this matter before on May 26. It is most interesting to see the hon. gentleman's first reaction to this question of condonation, which I think was a sound one.

Mr. HANSON (York-Sunbury): You think I am not sound to-day.

Mr. ILSLEY: I think the hon. member has been misled by the representations that have been made to him, the same as have been made to me. His immediate reaction was sensible and natural and sound. I quote from page 3142 of *Hansard*:

Mr. Hanson (York-Sunbury): Has consideration been given to what it is proposed to do under the circumstances? Is it proposed, by making a grant in that particular instance, to put the imprimatur of this dominion upon the default of one of the provinces?

Mr. Ilsley: I do not think it does that.

Mr. Hanson (York-Sunbury): It may have that effect.

Mr. Ilsley: It is argued by certain Alberta bondholders that we have condoned the action of Alberta in arbitrarily cutting its interest in half.

Mr. Hanson (York-Sunury): I would not put it in that way. I do not think you have condoned, but I think that, when you come to work out the position with that particular province, consideration should be given to what I have indicated. It may have the effect—depending entirely upon the action to be taken after these negotiations have been completed—of condonation. I hope the minister will not put himself in that position.

[Mr. Ilsley.]

Mr. Ilsley: The offer to Alberta is very clear. The offer is, the actual debt service assumed by the province, or the proceeds of the taxes—whichever the province likes—and since the amount collected in taxes for 1940 is higher than the actual debt service, undoubtedly the province will elect to take the amount collected in taxes.

Mr. Hanson (York-Sunbury): If they do, that would eliminate the situation to which I have referred. There would not be in that event any condonation of the default of the particular province.

Mr. Ilsley: That is what I think, but—

Mr. Hanson (York-Sunbury): At least, that would be my judgment. If, however, they should happen to accept the other alternative, the minister is faced squarely with this position: shall he, in consideration of their going out of the field, pay them a sum which would equal one-half of what, we shall say, they ought to pay if they keep their contract? That may be the alternative which the minister will have to face; and if he concludes an arrangement on that basis he will have said to the people who have invested their money in Alberta bonds, "We approve what has occurred in Alberta: we are going to pay that, and no more." Then, God help the credit of these provinces, because it will be an invitation to some other provinces to do likewise.

Mr. Ilsley: I do not think it is. For example, we offer to Saskatchewan their debt service or their taxes, whichever is the greater; and Saskatchewan will undoubtedly elect to take their debt service.

Mr. HANSON (York-Sunbury): I cannot see any great difference between the language just quoted by my hon. friend and the position I have taken to-day. It may be that I was approaching the matter with caution; I was inquiring as to what the minister's position was to be, and I was giving my first reaction to this subject matter. I am not going to debate the matter further. The minister seemed to be so definite before the luncheon recess that further argument would appear to be useless. I had not quite finished my argument, but I am not going to make a further argument at this time. I should like, however, to make one or two observations.

A few moments ago the minister made it abundantly clear that according to the data available, Alberta could pay as of this date. I am going to leave it on the basis of the minister's statement. The second thing I should like to say is this: the Rowell-Sirois report recommended the same treatment for Alberta as for the other provinces. My recollection is that it went even a little further and recommended the payment of back interest. I may be wrong about that, because it is a long time since I have read the report, but I think I am correct. Mr. Towers' report, part of which the minister read and part of which the hon. member for Lethbridge (Mr. Blackmore) conveniently omitted to read, I think makes it abundantly clear that they

could do the same thing now in the light of present-day figures. He recommended certain assistance in respect to both Saskatchewan and Manitoba, and said that he would make the same recommendation for Alberta had they been paying the full rate. Of course, it was apparent that they were not paying the full rate, but to-day they could. Therefore the same arrangement should be made with them. In the next place, at the conference it was proposed that Alberta should be treated on the same basis as the other provinces.

Just one word more and I am through with that subject. I think the minister should alter his second proposal to come to this position, that the amount paid to the province in each fiscal year during which the arrangement is to be in effect should be the amount of the total net debt service, provided that the amount so paid shall not in any year exceed the amount of interest due on the provincial indebtedness during the fiscal year ending nearest to December 31, 1940, not including contributions to the sinking fund, less the revenue obtained from succession duties during that period. That, I think, would put them exactly on a parity with the other provinces. The present wording of the estimate does not go that far.

Mr. CHURCH: We have no ministers from the province of Ontario here this afternoon when this invasion is going on. What is the principle on which this vote in the supplementary estimates is based? The principle is this, that we shall revert to the old policy we had with respect to relief works, when the dominion, the provinces and the municipalities spent nearly a billion dollars on relief and relief works. At that time agreements had to be made between the governor in council here and the provinces, and that principle has now been extended to this particular vote, to provide compensation. We have had this compensation feature in our legislation for many years past, but Ontario has never got any compensation. Do not forget in connection with this principle that the loss of income tax and corporation taxes affects most seriously the provinces of Ontario and Quebec. When I entered the house in 1922, Mr. McCrea, the former government member for Sherbrooke, had a return brought down with respect to over-government and over-taxation in this country which showed that aside from the subsidies under the British North America Act the two central provinces, Ontario and Quebec, where we have so much real estate that is very heavily taxed, were paying 81½ per cent of the cash taxes of the dominion. The taxes covered by this vote are cash taxes, and this proposal is going to destroy our municipal institutions in this country. I know something about the burdens of our municipalities, as past-president of the Union of Canadian Municipalities, and I know that the municipalities in all the provinces have had a very hard time to live during the last thirty years. The city from which I come has a tax rate of 3½ to 3¾ mills to carry purely federal burdens. The income tax was taken away from the municipalities in the first place and given by duplication to the dominion, and now it is to be taken away from the provinces and given to the dominion.

I know it is said that these agreements are to be made only for the duration of the war. This same game was played on the municipalities in 1917. I came to Ottawa with a delegation of municipalities at that time to protest against the invasion by the federal authorities of the income tax field. It was said that the invasion was only for the duration of the war and that after the war the income tax would be surrendered to the municipalities again, but we never got it back, and it will be the same with the corporation tax. Then some of the provinces invaded the income tax field and took it away from the municipalities.

Most of the income tax and corporation taxes are paid by the two central provinces. I have always believed in the principle, for all the provinces, of the old Cornish battle cry, " each for all and all for each," and that what should be for the benefit of one should be for the benefit of the other. But this big-stick proposal of the minister is going to make of Ontario a hewer of wood and a drawer of water for the rest of confederation and force a duplicate income tax on Ontario over the heads of the municipalities.

As to the Sirois report, I advised the government the day the report was on the table to forget it, and they did for six months. I advised them to commit it to the archives—earth to earth, ashes to ashes, dust to dust, in the sure and certain hope that it would never be resurrected so far as this government was concerned. It was only a half-baked scheme. If the Sirois report had been left alone you could have made a much better agreement with Ontario and other provinces for the duration of the war regarding income and other taxes, and coordination and cooperation, just as you made an agreement respecting the charitable fund. Business men from all the provinces agreed to give up certain features of their charitable war work so that all could get together and work together in unison under a harmonious system for the duration of the war. The same plan should have been followed with respect to income and corporation taxes. Where were the Ontario ministers

when this matter was raised this morning and this afternoon? I believe that the federal government should at once meet Ontario in a spirit of good-will, and this matter could then be settled in half a day or a day and a new interprovincial conference held immediately. Why should Ontario be soaked duplicate taxes? Why should we be made the goat of the proposals of the finance department in the dying days of the session by big-stick methods? I protest against it. You may criticize Premier Hepburn as you like, but if Ontario had the representation in the cabinet we are entitled to, we would get fair play in taxation as the chief taxpayer of Canada. The Premier of Ontario wants to protect provincial and municipal institutions.

I believe that the people of our province are very much disappointed with this budget, and with the proposal to assess all these costs and burdens of taxation against that province by duplicate taxation. I was one of those who brought forward a motion eleven years ago for parliamentary, cabinet, law, taxation and constitutional reform in this country; I proposed amendments to and a reconstruction of sections 91 and 92 of the British North America Act, and after ten years' work that resulted in the appointment of a commission to investigate the whole economic basis of confederation and those five matters now referred to. I believe that the report of the Sirois commission is not accepted by a large majority of the people of Ontario so far as its municipal and educational features and other sections are concerned. Some of the principles proposed are not fair in principle to the two central provinces. It is a case of robbing Peter to pay Paul in taxation matters and leaves no adequate compensation, taking away something from one province and giving it to another. Some of the provinces are bankrupt, as we found out in connection with relief appropriations. I say that you should not interfere with the financial arrangements of the province of Ontario and of the municipalities of this country in the way it is proposed to do here, after they have passed their annual budgets and added so to their taxes. How are the municipalities going to live? It is all right to make an agreement with the provinces about income tax as to compensation, but the municipalities will not be listened to by the province who will grab the bulk of what this vote gives back. If a municipality gets a new source of revenue to-day, within a week or a month the province appropriates it to its own purposes. The municipalities of this country are getting a raw deal from federal and local authority. The city of Ottawa is well looked after through various votes in the estimates, but other municipalities are not. I do not know anybody who wants to own a foot of real estate to-day in our municipalities of Canada because of the heavy taxation upon real estate.

It is said that this proposal of the Minister of Finance is only for the duration of the war, but we know that once these taxes are given over to the federal government as in 1917 they will be kept by the federal government.

While I believe that the four parties in this house should get together for the war, I do not propose to sit here and see any political theories or doctrines that are not relevant in war time put over on the country as a war measure, when the country is not ready for them, and they should not be brought forward if you want to have unity in this country during the war. The battle of wits, by a correspondence course, between the Premier of Ontario and this government could be settled in a day in my opinion if the two parties would get together and forget a few things at a time like this, but it will never be settled by correspondence, telegrams and telephone calls. There should be a meeting; otherwise there will be no agreement. From a reply the Minister of National Revenue made the other day, I understand that no effort has been made to meet or confer with Ontario before these big-stick methods are to be used on that province in income tax, death duties and corporation tax. How are the municipalities to live? It is all very well for two or three officials here in Ottawa to propose these things. The minister has surrounded himself in two or three lines in his department with a great many officials in Ottawa, and we have learned a great many lessons from theorists in the Department of Finance who only call for help from Ontario and the municipalities when their own plans break down. That is the only time we ever hear from them as provincial and municipal revenues are taken away.

Although a brief of the mayors of the largest cities of Canada was left with the minister last year to deal with, not one of the terms of their proposals has ever been discussed and their ideas have been discarded. Why are they not here to oppose all this? The municipalities and the provinces are at the mercy of those who, by means of this big-stick policy, take their revenues and lay by duplicate taxes the whole burden on real estate and industry. That is what we are coming to. The minister is just making a scrap of paper out of the fundamental principle and doctrine of confederation, which was an agreement between the provinces. They came into

this union with an agreement that it should not be changed without their consent. The minister is upsetting the whole principle of taxation under confederation, and provincial governments might just as well be abolished, if all this big-stick taxation continues. It is true, as the report says, that we never should have had this overgovernment and overtaxation; indeed, we should never have had the province system in 1867; they were the creation of the fathers of confederation for political and not for economic reasons. There is no such system in Great Britain and we never should have had it here—a duplicate municipal system one within the other; for that is what it is, with both authorities fighting each other to grab each other's revenues and thus force taxes upon real estate, industry and labour.

I protest on behalf of the people of Ontario, who may be forced to pay duplicate taxes all along the line because the two sides will not meet and settle it. They would have been compelled also to pay duplicate "sales taxes," under a bill introduced three years ago by this government, if the hon. gentlemen in the other part of the building had not thrown it out so properly, and saved further duplicate taxes.

Mr. EDWARDS: My observations with regard to this resolution will be very brief, and I hope it will not be necessary to answer all the questions as to where, why and by what means the province of which I have the honour to be a citizen finds itself in the predicament in which it is to-day.

I suggest that if the minister would consider amending the resolution in one respect only, and with respect to one figure, Alberta would be placed in a position analogous to that of the other provinces.

The alternative contained in paragraph (b) of the resolution reads:

> The net debt service paid by the province during the fiscal year ending nearest to December 31, 1940. . . .

I suggest that if the latter figure were changed to "1941", the minister would put Alberta in the position in which every other province of the dominion will find itself. From 1936 to the present time the government of Alberta has invariably said "We cannot pay our interest debt." Now, to all the other eight provinces the minister is saying, "We will put you in a position, if you vacate the income tax and corporation tax fields, where you can take care of your net debt service, in other words pay those people, wherever they may be, who bought your bonds, their full interest. You will be in that position by accepting (b) alternative, whereby every province in this dominion will be able to carry out its contractual obligation to its bondholders."

The cut-off date here having been fixed as of December 31, 1940, Alberta is not put in that position. If the cut-off date were made December 31, 1941, then, without any dictation from this government or from any other body, Alberta would be put in a position similar to that of every other province, whereby she could implement her contractual relations to her bondholders. Whether or not she would do it, she alone must take the responsibility; but at least it never could be said that this government in any way condoned or approved or attempted to take advantage of the situation in which the government of Alberta finds itself.

In round figures, the situation as I appreciate it is this. The net cost of carrying the debt of Alberta is approximately $6,000,000. The income in 1940 from the income tax and the corporation tax amounted roughly to $4,000,000. Alberta will have paid for net debt service last year $3,000,000, by reason solely of the fact that she pays only half the interest on her bonded indebtedness. If she is put in a position analogous to that of the other provinces, she will receive out of the common pot $6,000,000, but perforce she must pay it all out in interest to those who hold her bonds, and she cannot get it unless she pays it out. All she will be able to get from the federal treasury is the amount she has paid to carry her debt.

This would put Alberta in the position of being treated on the same basis as all the other provinces. It means that the government of Alberta will be worse off by something less than one million dollars, which she will have to find from some other source. The only other source available to her is her own people, and from my knowledge of those people I feel quite satisfied that they will and can make up the difference.

I do urge upon the minister that the offer should be dated as of December 31, 1941. It is the only change which need be made in the resolution. If you put the responsibility where it belongs, you forever close the mouth of the government of Alberta with respect to the oft-repeated assertion that "we are not in a position to pay our bond interest." The fund is there available for that purpose; let her make her internal adjustments as she sees fit. I for one am, as I trust every Canadian is and should be, jealous of the credit not only of Canada but of the provinces—

Mr. BLACKMORE: Hear, hear.

Mr. EDWARDS: —not of one province alone, but of all, and it is a matter of regret if one of the daughters of this fair dominion repudiates her obligations. Alberta does not say that she repudiates: in the evidence given by Mr. Low before the banking and commerce committee he side-tracked and side-stepped and refused to admit that there was repudiation. He simply said, "We cannot pay". Now the other provinces, or at any rate some of them, faced with the same situation, did get from the federal treasury in years gone by funds wherewith to meet their obligations. I do not think there is any doubt about that, and I believe the reports will show that the dominion is still carrying those obligations. Why not now, without giving any assurance to speculators in Alberta bonds that the principal will be redeemed or that bygone interest will be paid, say to Alberta: "If you will pay your bonded indebtedness from this time on, you will be treated on the same basis as the other provinces, but if you do not pay, then the federal treasury, perforce, does not assist you."

I am concerned with respect to another matter, and the fairness of this proposition, if I may say so, is reflected in this, that of the nine provinces to which the Minister of Finance (Mr. Ilsley) referred this morning, in making up his estimate of $45,000,000, five it would appear, or at least it is assumed, will resort to option (b), thereby indicating that the revenues from corporation taxes and income tax are not sufficient to pay their net debt charges. It is worthy of note that these provinces are the maritimes and the prairie provinces. It is a trite story in itself which we may not traverse this afternoon. I am suggesting to the minister that alternative (b) would be more advantageous and would undoubtedly be accepted by Alberta if it were made 1941; or if Alberta were in fact paying her interest charges, then undoubtedly alternative (b) would be the one.

Mr. ILSLEY: No. We have not the slightest indication that the Alberta government would take (b). If we had any such indication we would discuss it with them.

Mr. EDWARDS: Has the government any indication that other provinces will take the alternative which is the basis of his estimate.

Mr. ILSLEY: Oh, yes.

Mr. EDWARDS: They have all so intimated?

Mr. ILSLEY: I would not say it is very definite, but it is assumed, so far as Saskatchewan is concerned, for example, because it will get a much larger sum under (b) than under (a), and it would be superfluous for them to say that they would take the larger sum. That is assumed.

Mr. EDWARDS: My suggestion is that Alberta should be put in the same position as it is assumed Saskatchewan's position will be, because there is no question that that province met its bond interest in years gone by as the result of grants in aid from the federal treasury.

There is another aspect of this matter that is likely to be overlooked. After all, this money is interest. We are dealing only with interest, and a substantial portion of the money which will be paid out by Alberta will in turn be recaptured by the Minister of Finance under his income tax proposals, so that the amount involved is not as large as might appear at first blush. I do urge upon the minister that if December 31, 1941, were substituted for the year 1940 he would have removed, so far as this government and the house are concerned, any question of taking advantage of the default, so-called, of Alberta.

Mr. ILSLEY: I think I should say a word in reply. I can only repeat what I said in my statement this morning, that if Alberta were to work out some refunding plan with its bondholders and were then to ask the dominion to reconsider the basis on which the annual payment is to be computed, we should be prepared to discuss the question, or any other reasonable proposal that might be made. I cannot see any good purpose, however, to be served by trying to cross this bridge before we come to it.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

340. Administration service. Departmental administration, $126,480.

Mr. MacNICOL: I do not see any particular item in the estimates under which I might ask a question in reference to the export of grain from Churchill.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): It will be quite all right under this item so far as I am concerned.

Mr. MacNICOL: I wish to know what plans the department has put into operation recently—last year, if I may suggest it—or any plans that are proposed for this fall for the shipment of grain from Churchill, Manitoba. In view of the war and the necessity for convoy, it may not be practicable at the present time, but it was a year or two ago. When I visited there a year ago I learned from people at the elevator that for the past year

2,500,000 bushels of wheat had been in storage To whom does that wheat belong? Did any loss occur while it was in storage? Who bears that loss, and has the department any plans for the shipment of wheat from that port?

Mr. MacKINNON (Edmonton West): I am glad to have the question asked under this item. With regard to the port of Churchill, there is stored in this elevator at the present time 2,617,000 bushels of wheat. The bulk of this quantity has been in the elevator since the fall of 1939. At that time charters were made for the movement of some of this wheat from Churchill, but immediately after the outbreak of war the British Minister of Shipping commandeered the boats intended to lift some of this wheat, and they were diverted to more urgent use. Since that time conversations have been carried on with the British Minister of Shipping, with a view to arranging for some boats for the Churchill movement; but owing to the difficulties of placing these boats in Churchill and then moving them to north Atlantic ports for convoy purposes, the British Ministry of Shipping consider that the boats cannot be spared for the additional period of movement, and the efforts to divert shipping to Churchill have not been successful. In view of the difficult shipping situation we feel that we should not press the ministry of shipping to do something which will affect their shipping programme.

Within the last week discussions took place with the agent of the British cereals committee in Canada with regard to the prospect of movements from Churchill, but his view was that the position was unchanged, and he could not hold out any hope for any movement from this port during the coming shipping season.

Mr. COLDWELL: Would the minister like us to ask questions now on this administration item, or would he prefer that we wait until the appropriate item comes up?

Mr. MacKINNON (Edmonton West): It would be quite all right now.

Mr. COLDWELL: First I wish to draw the minister's attention to the freight car situation that arose on the prairies last year. I wrote to the minister and also to the wheat board about it. For many years there were railway car rights under the grain act for which the farmers had agitated over a period of years and ultimately secured. These rights were practically taken away from them during last season. There was set up under the Department of Trade and Commerce a committee known as the car allotment committee. It decided that cars should be allocated between elevators not on the basis of the percentage of the grain they had handled during the preceding years but rather on the amount of elevator space, including the old annexes that had been built in former days. The temporary annexes, as the minister knows, were not included. In addition, cars of grain billed to Duluth, Portage la Prairie and Kenora, where some of the private firms had storage facilities, were not taken out of the car allotment. I believe it is now proposed that this shall be done during the coming year. The car order-book has not been maintained, a new car allotment committee taking the place of it.

This has affected adversely the farmer-owned and cooperative elevator companies in western Canada. These pool elevators to my knowledge—and I went over my own constituency, which was rather a strong pool constituency—were filled to the roof quite early in September of last year. I remember the situation was particularly acute at Beechy. There, if I may digress for a moment, one of the line companies still had, I think it was nine cars, to be filled—I speak from memory—and so long as they did not fill them, no further allotment of cars could be made to the pool elevator.

This situation caused a great deal of misgiving on the part of the farmers who were cooperatively minded. They were forced to market their grain through line elevator companies with which they had done no business for a number of years, and there was a serious amount of discontent, particularly among the keen and ardent pool members. The result was that over the province of Saskatchewan last year the pools did not maintain their percentage of crop receipts. I believe they dropped about 6 per cent, which is a considerable drop in percentage from around 45 or 46 per cent. This system undoubtedly played into the hands of the line elevator companies. Consequently there is at the present time a feeling of resentment on the prairies about this whole system.

It has been suggested to me that since the wheat board has been handling the wheat, it might be well if the distribution of cars were placed entirely under the wheat board. At present the distribution is supervised by the car allotment committee, which I believe consists of nine persons, three representing the three western pools, two representing the two railway companies, three from the line elevator companies, and I am not sure how the remaining one is appointed. If that could be done it would assist materially in satisfying the farmers. But if the space is to be considered,

then it seems to me the space in the new annexes should be considered as well as that in the old annexes. I can, however, assure the minister that last autumn as I moved around my constituency there was serious dissatisfaction with the condition. As I say, I took the matter up last September with the proper people and received prompt attention.

Further, why should the farmer not declare, when he applies for his permit, the elevator at which he wishes to deliver his crop, as well as the point to which he wishes to deliver it? That is, restore to the individual the right to decide through what facilities his crop shall be handled.

I place that suggestion before the minister because I believe that before the new crop moves, this matter should be given consideration, and at least this should be done, that the cars should be allotted not on the basis of space but on the basis of the percentage of the business of the elevator companies, during years that the minister thinks it right and proper to take, say 1937-38-39, the average of these years. Of course he would not take years when there was serious congestion as there was in 1940. On that basis I think there would be much more satisfaction with the local wheat-handling situation than there was last autumn.

At one point I was told that out of forty pool members only fourteen were able to deliver their wheat to their own cooperative elevator. The others had to find accommodation elsewhere with companies with which they had not been dealing in former years. That, of course, was bound to develop a good deal of dissatisfaction.

Mr. MacKINNON (Edmonton West): I shall be glad to take note of the hon. member's suggestion that distribution of cars be placed entirely under the control of the wheat board. During the past season I had complaints about the alleged unfair distribution of cars; in each case they were investigated by me through the wheat board, and so far as I remember, reasonable explanations appeared to be given.

Mr. COLDWELL: I think attempts were made to minimize the difficulties. We appreciated what the department and the wheat board did.

Mr. MacKINNON (Edmonton West): I appreciate the hon. gentleman's remarks. His suggestions will be given careful consideration.

Mr. MacNICOL: May I ask who owns the elevator at Churchill?

Mr. MacKINNON (Edmonton West): The Canadian government.

[Mr. Coldwell.]

Mr. MacNICOL: Who owns the wheat in the elevator?

Mr. MacKINNON (Edmonton West): The wheat board.

Mr. MacNICOL: I understand that at the present time this elevator contains approximately 2,600,000 bushels of wheat. This would be the equivalent of five or six boatloads, which would be sufficient to make up a convoy. It occurs to me that this wheat should be moved out, which would leave that space available for use this fall and perhaps eliminate the necessity for the construction of extra storage capacity on the prairies. Has the department considered this point?

Mr. MacKINNON (Edmonton West): I am afraid the hon. gentleman did not quite follow what I said a moment ago. We have made attempts to have that wheat shipped out, but the difficulty is purely one of shipping accommodation. It would take eight or nine ships to move this wheat, and under ordinary circumstances the ships would have to go to Halifax or some other eastern port in order to join a convoy.

Mr. MacINNIS: When we were discussing this item a few days ago and the question of the shipment of wheat to Japan came up, I asked the minister if he had any information as to whether lumber from British Columbia was being shipped to Japan at the same time. The minister said he would look into the matter and give a reply later.

Mr. MacKINNON (Edmonton West): As a matter of fact I have not been able to make inquiries. I do know that no permits have been issued for the shipment of lumber or any other materials to Japan except in connection with orders which were placed before the permit system came into operation. I will make, however, the inquiries to which the hon. gentleman has referred.

Mr. MacINNIS: At the time the British Columbia members were advised that this wheat was being shipped to Japan the question of certain shipments of hemlock lumber was also discussed. Do I understand that there have been no permits for shipments of lumber other than those? When the minister has answered that question perhaps he would say whether these permits are continuous, or whether they apply only to a particular quantity of lumber.

Mr. MacKINNON (Edmonton West): No shipping permits have been asked for or granted in connection with any orders not placed prior to the inauguration of the permit system. I know nothing about the logs

referred to, but in connection with wheat I understand there are separate permits for each boatload that is shipped.

Mr. MacINNIS: Perhaps before the house closes, or before I leave Ottawa, the minister could obtain the information I have requested in regard to lumber.

Mr. MacKINNON (Edmonton West): I should be very glad to do so.

Mr. QUELCH: I should like to add a suggestion to the one advanced by the hon. member for Rosetown-Biggar, which I thought was thoroughly sound. If the government cannot see its way clear to allocate cars on the basis of demand by farmers instead of on the basis of space, then the space in the annexes which are not connected with the elevators by an auger also should be taken into consideration. As I understand it at the present time, if an annex is not connected by an auger the space in that annex is not taken into consideration. At the point where I live the pool elevator, which is a large one, is not so connected and therefore the annex is not taken into consideration in this way.

Mr. MacKINNON (Edmonton West): I am informed that this is being done.

Mr. WRIGHT: Has the department given any consideration to the question of the freight rate to Churchill? On the line from Prince Albert to Hudson Bay junction the freight rate to Churchill is three cents less than the freight rate to Fort William; but if the grain grown by farmers on that line goes to Churchill they have to pay the Fort William rate, which makes a difference of about two cents a bushel on that grain. These farmers feel that they should have the advantage of the Churchill freight rate, since farmers living in Alberta have the advantage of the freight rate to Vancouver even though most of their grain goes to Fort William. I should like to know also whether the department intends to make an advance on grain stored in granaries on the farms this fall.

Mr. MacKINNON (Edmonton West): The question of the rates to Churchill does not come under this department; it is under the Department of Transport.

Did I understand the hon. gentleman to ask whether it was the intention of the government to pay storage on farm-stored wheat?

Mr. WRIGHT: No; whether there would be a cash advance on farm-stored wheat.

Mr. MacKINNON (Edmonton West): That matter has been given a great deal of consideration, not only by the government but also by the bodies advising the government in connection with wheat. No decision has been arrived at as yet, and no decision can well be arrived at until we see what will be the nature of the crop now growing.

Mr. FAIR: When this item was under discussion a couple of days ago some hon. members brought up the question of section 17, and I was wondering whether anything has been done in this connection. I feel quite sure the minister realizes that farmers have certain costs to pay. In a great many cases they have no other way of paying those costs except by delivering their quotas, and if others are allowed to horn in on these quotas under this section the farmers may have difficulty in threshing their grain. The minister understands, I am sure, that at present in the various provinces threshing bills are a first charge on the grain, and in many cases farmers are compelled to obtain credit for twine, binder repairs and other things as well as groceries. I am sure the minister also realizes that the farmer is responsible for the wages of the threshing gang while they are on his farm; that is the rule in Alberta, and I believe in the other provinces as well.

The CHAIRMAN: Would the hon. gentlemen speak a little louder, so that I may understand what he is saying? What is the hon. gentleman reading from?

Mr. FAIR: I am not reading from anything, Mr. Chairman.

The CHAIRMAN: The hon. gentleman was quoting section 17.

Mr. FAIR: I was not reading from anything at all.

The CHAIRMAN: The hon. gentleman referred to a regulation. I must understand what he refers to, in order to determine whether this has any relation to the item under discussion.

Mr. FAIR: This is from order in council, P.C. 3849, passed at government house at Ottawa, Friday, the 30th day of May, 1941, and section 17—

The CHAIRMAN: The order is in relation to what?

Mr. FAIR: In order that it may be clear I shall read the order in council.

The CHAIRMAN: The hon. gentleman must state what he is talking about. I believe he is out of order because he is not discussing

the item now before the committee. The minister has allowed some latitude with respect to matters referring to the grain board, but that latitude must necessarily be restricted. If I understand the hon. gentleman correctly, what he is directing attention to has no relation to either item 340, now under discussion or item 349, to which the hon. member for Rosetown-Biggar made reference.

Mr. MacKINNON (Edmonton West): I understand what the hon. member wishes information about, and I think I can give it to him. What is bothering him as well as other members, including those of the government, is section 17 of the order in council referred to. The situation is very serious. There are two classes of purchasers, the farmer and the mortgagee. The matter has been discussed thoroughly by the wheat committee of the cabinet with the wheat board in the past week or so, and a decision was arrived at yesterday that the wheat board should go back to western Canada and take this matter up with the provincial governments concerned and see if some arrangement cannot be arrived at.

Mr. FAIR: Section 4 of order in council, P.C. 3849, reads as follows:

> 4. No person unless he is duly authorized by the board so to do, shall during the crop year commencing on August first, nineteen hundred and forty-one, buy, take delivery of, or mill wheat and no person during such crop year shall sell, deliver, or otherwise dispose of any wheat to or have it milled by any person not so authorized by the board.

Should a farmer be unable to pay a debt owing to another farmer in cash, would he be permitted by this section to give him wheat instead? Would a storekeeper be permitted to take wheat in payment of a debt for groceries?

Mr. MacKINNON (Edmonton West): The storekeeper could take wheat, but he would have no permit which would allow him to deliver it. Without having given the question much consideration, I do not think there is anything to stop one farmer from trading wheat with another farmer, or selling wheat to another farmer.

Mr. FAIR: Will a farmer who grows only coarse grains—his land may not be suitable for the growing of wheat—be allowed to deliver those coarse grains to the wheat board?

Mr. MacKINNON (Edmonton West): There seems to be a mistaken idea with regard to coarse grains being taken by the wheat board. The only authority the wheat board has under this order in council is in connection with the acceptance of coarse grains at the elevator, in order to give them the power to accept wheat quotas as arranged.

[The Chairman.]

Mr. COLDWELL: The other evening the hon. member for Moose Jaw (Mr. Ross) was explaining the operations of the grain exchange under war conditions, but I did not follow him as closely as perhaps I should have done. I certainly did not gather the information I wanted. Perhaps the Minister of Trade and Commerce can give this to the committee, or perhaps the hon. member for Moose Jaw could elucidate further the point he was making the other evening. From the explanation given, I am under the impression that in some way wheat sales pass through the grain exchange twice. There is a great deal of confusion in the minds of many hon. members, even in the minds of those who, while they do not speculate on the grain exchange, have made some little study of wheat marketing. We have been told that the cereals controller of Great Britain wishes the grain exchange kept open. On the other hand, we know that at the moment our wheat is being sold by direct deals between the wheat board and the cereals committee. I should like to know what function the grain exchange fulfils in these transactions. In order to have it perfectly clear, perhaps we could be given the history of a quantity of wheat from the time it is delivered to the country elevator until it gets into the hands of the cereals committee in Great Britain. What does the export firm do in connection with such a transaction? How does the wheat come into contact with the grain exchange? How do these other organizations enter into the picture?

Mr. MacKINNON (Edmonton West): During the last few days I have seen the hon. member for Moose Jaw around my office in earnest conversation with the officials of the wheat board. I do not know of anyone in the House of Commons better qualified to give this information than the hon. member, and I believe he is ready to do so.

The CHAIRMAN: I want to be fair to all members of the committee. It is absolutely impossible for the Chairman not to discriminate unless we follow the rules of the house. The minister has declared his willingness to discuss the administration of the Canada Grain Act, but there is only one way of doing that under the rules of the house. We shall have to do what was done the other day in connection with the estimates of the Department of Agriculture, that is, give unanimous consent to considering items 340

(departmental administration), 349, 350 and 351 (Canada Grain Act) together. Is it the pleasure of the committee that these items should be taken together?

Some hon. MEMBERS: Agreed.

Mr. ROSS (Moose Jaw): The hon. member for Rosetown-Biggar (Mr. Coldwell) has asked me to explain the movement of wheat from the country elevator to export, and I shall endeavour to do that. When the wheat business was operating in the ordinary way on the open market, before we had a wheat board or even afterwards, grain was taken into the elevator, was purchased by the elevator company from the farmer and then was hedged on the Winnipeg market by the sale of futures. This was often done by wheat boards which acted prior to this one, I believe. It was done for the purpose of protecting the later sale of the wheat by the elevator company, but it is unnecessary now because the wheat board guarantees the price to the elevator of the wheat delivered to it for their account. Therefore, there being no necessity for futures trading in connection with that wheat purchased at the country elevator for the board, there is no futures trading in connection with wheat bought at the country elevator and delivered to the wheat board at Winnipeg.

The wheat is purchased for the board and comes to Fort William-Port Arthur. The board take actual possession of the wheat there and it becomes cash wheat in their hands. They pay the elevator companies under their contract with the wheat board for the handling of that wheat east to Fort William. The British cereals import board does not want to set up machinery in this country for the purchase of wheat. They have intimated that they would rather purchase wheat through the ordinary exporters in this country and that they would be willing to pay them a commission on the deal.

Mr. COLDWELL: They have already agreed to buy the wheat from the wheat board Where does the exporter come in?

Mr. ROSS (Moose Jaw): I got a little ahead of myself. The wheat board this year have made a contract with the British cereals import board for the purchase by that board of 120 million bushels at a figure. I do not know what that figure is. Nobody knows it except the wheat board and the British cereals import board. That is not a trade through the grain exchange. It is a contract to deliver to the British cereals import board 120 million bushels of wheat over a period of time at a price. In order that the ordinary exporter in the trade can get that wheat into position at our ports to be delivered when required, the wheat board then sells for cash to the Canadian exporter. A commission of one-sixteenth of a cent a bushel is paid to the cash broker who sells that cash wheat for the board to the Canadian exporter. The Canadian exporter moves that wheat down, but at the same time that he makes his cash deal when buying the wheat he sells back to the wheat board a delivery option in a future month.

Mr. COLDWELL: What for?

Mr. ROSS (Moose Jaw): In order to protect himself, at the time he buys the cash wheat on the market he sells a future option to the wheat board.

Mr. JOHNSTON (Bow River): What is the commission on that?

Mr. ROSS (Moose Jaw): It is one-fortieth of a cent a bushel. That trade is made, and the wheat board, by buying that option, agrees to take delivery of that wheat, if necessary, at the end of the option. The wheat is moved down to the port. When the British cereals import board wish to take delivery of part of that wheat they get in touch with the different exporters in Canada who have that wheat in position, and these exporters make offers of their wheat. These offers are made on the basis of so many cents over a July future, or over an October future, or whenever they are selling. They have so many cents over for handling charges, insurance, freight, storage, brokerage or commission.

Mr. JOHNSTON (Bow River): What would that amount to?

Mr. ROSS (Moose Jaw): In all, the charges would be around eleven cents.

Mr. JOHNSTON (Bow River): But what would be the brokerage on that last transaction?

Mr. ROSS (Moose Jaw): That brokerage is fixed by the British cereals import board. They know exactly what the exporter bought the wheat at; when he offers the wheat he knows exactly what he has paid in brokerage, and they make their deal in competition with other exporters in this country who have wheat in position.

Mr. JOHNSTON (Bow River): What is the brokerage on that transaction?

Mr. ROSS (Moose Jaw): I do not know exactly, but I would not think it would be over one-quarter to three-eighths of a cent a bushel. The British cereals import board then buy cash wheat from the Canadian exporter, and when they buy that wheat they buy it

at so many cents over the option. Then they ask the Canadian wheat board to take in to their account that short option or to give a long against the short and close out the trade, which is closed through the clearing house at Winnipeg. There is a charge of one-fortieth of a cent a bushel on that trade on the Winnipeg grain exchange, and, as I understand the situation, the exporter pays one side of the trade and the wheat board pays the other side.

I said the other night that nobody could tell what the price was at which the wheat was sold. The hon. member for Qu'Appelle, who is not in the chamber at the moment, thought that perhaps that could be learned, but the reason why nobody can tell is this. No matter what that wheat is supposed to be sold at by the exporter at the port of shipment, that is not the price at which it is sold. That is the price at which the wheat was bought, plus freight, handling charges, insurance, storage and commission up to that point. They take back in the option; then an adjustment is made between the wheat board and the British cereals import board for the balance of the price whatever it may be, and nobody knows that except the wheat board and the British cereals import board.

Mr. HARRIS (Danforth): Perhaps the minister—I am addressing myself to the hon. member for Moose Jaw who seems to be the minister at present—would tell us what the commission is and what the handling charges are.

Mr. ROSS (Moose Jaw): I was asked that question before by an hon. gentleman opposite, and I said that I did not know exactly but that it was probably one-quarter or three-eighths of a cent a bushel.

An hon. MEMBER: There are five brokerage transactions in the handling of that wheat?

Mr. ROSS (Moose Jaw): The cash brokerage sale at Winnipeg carries a charge of one-sixteenth of a cent. Then there is the exporter's brokerage which is paid by the British cereals import board, not by the wheat board, and it is paid by them because they would rather pay it than set up in this country the necessary machinery and offices to handle that part of the business. That is done at their request.

Mr. WRIGHT: The brokerage which the British cereals import board pay is a direct charge against our wheat. When the British cereals import board and the wheat board settle up, that brokerage is taken into consideration, and therefore we should know what that brokerage is because it enters into the price when the import board make their final settlement with the wheat board.

Mr. MacKINNON (Edmonton West): The cereals import board pay that commission to the exporter, and it is not deducted from the price realized by the wheat board. It is an additional price for handling that wheat.

Mr. NICHOLSON: If I got correctly the figures of the hon. member for Moose Jaw, there would be a total of nearly half a cent a bushel on these different transactions. Would that be about correct?

Mr. ROSS (Moose Jaw): There is one-sixteenth of a cent, cash wheat brokerage at Winnipeg; there is one-twentieth of a cent which covers two transactions—one each way—on the futures trade; that is all. In fact, that is more than all that comes out of the wheat board. There is only one-fortieth of a cent provided by the wheat board on the option trade and one-sixteenth of a cent on the cash wheat brokerage. The other brokerage spoken of, of the exporter, is over and above the price of the Canadian wheat and is paid by the British cereals import board direct to the exporter.

Mr. MacKINNON (Edmonton West): I believe that all three brokerages amount to a little less than half a cent.

Mr. COLDWELL: We now have a much clearer picture than we had before. I was born in the old country; and when I hear about this extremely complicated way of handling a direct trade, I wonder how Great Britain has managed to wiggle through her wars and worries in the past.

Mr. NICHOLSON: I followed very closely the remarks of the hon. member for Moose Jaw. He has explained how we dispose of $600,000 in connection with one transaction, and for the life of me I cannot see why the cereals import board want to spend $600,000 in that particular way. I could think of a dozen other ways in which the British people might spend $600,000 and which would do them much more good. I think we should have a little more information.

The CHAIRMAN: We cannot discuss the operations of an imperial board. Whether or not it intends to pay that commission over and above other outlays, for this committee there is only the question whether that is deducted by the Canadian board from the price paid to the farmer. The other question is outside the scope even of the four items taken together.

Mr. COLDWELL: In order to get the picture, we have to know this.

The CHAIRMAN: I have allowed that; but I should not like suggestions to be made that they are wrong in their trading operations. I believe we are going much farther than the items call for.

Mr. FAIR: I was not going into that at all.

The CHAIRMAN: The hon. member did not, but another hon. member did. I was addressing myself to the hon. gentleman who spoke just before.

Mr. FAIR: Has the government considered the question of paying storage from September 1 until November 1 to the farmer who has grain stored on his farm?

Mr. MacKINNON (Edmonton West): We have been discussing this question in the last few days, but no decision has yet been reached. A very large part of the threshing in western Canada has not started by September 1.

Mr. FAIR: What percentage of the grain in storage in elevators in Canada to-day is held and owned by the grain companies?

Mr. MacKINNON (Edmonton West): By the wheat board?

Mr. FAIR: By the grain companies, or the wheat board? It does not make any difference —either one.

Mr. MacKINNON (Edmonton West): I have not the figures available to answer that question properly. The cereals import committee of the United Kingdom have a very considerable quantity of grain still in Canada. The mills and elevator companies also hold a considerable quantity.

Mr. FAIR: Can a farmer sell wheat direct to a grain company after this date?

Mr. MacKINNON (Edmonton West): I did not hear the last few words of the hon. gentleman's question.

Mr. FAIR: I was just wondering whether it was legal for a farmer to sell grain direct to a grain company, as it has been during the past year.

Mr. MacKINNON (Edmonton West): I would certainly think so.

Items 340, 349, 350 and 351 agreed to.

342. Electricity and gas inspection services, including administration of the Electricity and Fluid Exportation Act, $270,905.

Mr. MacNICOL: If the minister has the information, I should like to know how much electricity is shipped from the power companies in the province of Quebec, including Beauharnois, to the United States; that is, how much from each one; and also from Niagara to the United States.

Mr. MacKINNON (Edmonton West): I have not that information before me here, but I shall be very glad to get it and submit it to the hon. gentleman, either directly or otherwise.

Item agreed to.

344. Motion picture bureau, $159,810.

Mr. COLDWELL: What motion picture bureau is this? Does the national film board come under this item?

Mr. MacKINNON (Edmonton West): No. This item relates to the motion picture bureau, which is, to a certain extent, the workshop of the national film board. As to this item and the later item of the national film board, I may say that these organizations have just passed out of the control of the Department of Trade and Commerce and are transferred to the Department of National War Services; I refer to the national film board and that portion of the bureau having to do with films.

Mr. COLDWELL: But the new Minister of National War Services will not pilot these items through the committee?

Mr. MacKINNON (Edmonton West): No.

Mr. COLDWELL: The Minister of Trade and Commerce will. I think the committee should take some notice of the work which is being done by this bureau and by the national film board under the leadership of John Grierson. A tremendous amount of imagination has been shown in connection with our films which have been exhibited in some thousands of theatres in the United States, Canada and Great Britain. The money we are spending for the national film board—

Mr. MacKINNON (Edmonton West): Will the hon. member permit me? This is not really the item under which the hon. member can appropriately deal with the work being done by Mr. Grierson. If, however, he likes to couple this with the other item it will be in order.

Mr. COLDWELL: That is what I was going to do.

The CHAIRMAN: Which is the other item?

Mr. MacKINNON (Edmonton West): Item 348.

The CHAIRMAN: Shall we consider item 344 and item 348 together?

Some hon. MEMBERS: Carried.

348. National film board, $39,100.

Mr. COLDWELL: I was just about to conclude. I merely wanted to say that having seen a number of these films, and having been interested for a number of years in visual education, because of my former profession, I think that the work which is being done under Mr. Grierson is remarkably fine, and that we should continue and extend it and do our level best to keep the man who is doing it in the position which he now holds. I do not mean that I assume there is any danger of losing him, but I hope that his services will be appreciated.

Items 344 and 348 agreed to.

346. Publicity and advertising in Canada and abroad other than in the United Kingdom and Europe, $54,360.

Mr. HANSELL: Will the minister give us some information as to the difference between advertising dealt with by his department and other advertising, coming under any department, which involves trade and commerce. What I have in mind is that I have noticed some advertising put out by the Minister of Agriculture having reference to beef and agricultural products. I have observed also advertisements by the ministry of fisheries with reference to fish. Does the Minister of Trade and Commerce advertise only such products as come within his particular department, such as wheat? That is the only matter that he could advertise as coming directly under his department. Will the minister elaborate?

Mr. MacKINNON (Edmonton West): The department advertises its own services. The Department of Agriculture advertises those products which it handles, such as cheese, bacon and butter.

Mr. JOHNSTON (Bow River): Would that be for uses in Canada? The Department of Agriculture would advertise those products for consumption in Canada?

Mr. MacKINNON (Edmonton West): Yes.

Mr. JOHNSTON (Bow River): But the Department of Trade and Commerce advertises products for use abroad?

Mr. MacKINNON (Edmonton West): We try to interest British importers in the products of Canada.

Mr. JOHNSTON (Bow River): For consumption outside Canada?

Mr. MacKINNON (Edmonton West): Yes.

[The Chairman.]

Mr. JOHNSTON (Bow River): The department would have nothing to do with advertising any Canadian commodity for use within Canada?

Mr. MacKINNON (Edmonton West): No.

Mr. MacNICOL: The details are given on page 188 of the estimates. While it is interesting to note that the vote has been increased for advertising—in south American countries, I presume—I think it should have been increased a great deal more. The vote for the item as a whole has been cut down, but inasmuch as advertising in Europe is now and will be off during the war, and a market is open in south America and can be exploited, I have been wondering whether the minister next year will bring down a larger vote for advertising Canadian products in the south American countries.

Mr. MacKINNON (Edmonton West): Economy is the only reason for the reduction in the vote. Whether it is wise or not, that economy is based on the judgment of the department.

Mr. HANSELL: I am not quite familiar with the difference between advertising carried on by the Department of Trade and Commerce and advertising done by other departments. I am afraid that if I go to one department and suggest that they advertise certain commodities I shall be told that this comes under the Department of Trade and Commerce, and when I go to the Department of Trade and Commerce I may be told that the very same commodities come under some other department. Under which department would come the advertising of Canada's coal products?

Mr. MacKINNON (Edmonton West): The Department of Trade and Commerce deals with exports. The question the hon. member raises would come under the Department of Mines and Resources.

Item agreed to.

347. Weights and measures inspection service, $436,840.

Mr. MacINNIS: Who is the director of weights and measures inspection service, and who is the supervisor of short weight?

Mr. MacKINNON (Edmonton West): The director of weights and measures is Mr. Way, and the supervisor is Mr. Cuddy.

Mr. MacINNIS: Has the minister any knowledge of the report made by Mr. Cuddy to Mr. Way, director of weights and measures, under date of October 13, 1939, with reference to short weight in the coal trade in the city

of Montreal? Has he any information in that regard, and is there anything he can do? The situation is, or at any rate ought to be, a very serious one for the citizens of Montreal.

Mr. MacKINNON (Edmonton West): The matter has come to my attention two or three times, and I have gone into it carefully. The report was a confidential one made by an officer of the department.

Mr. MacINNIS: Has any action been taken in the matter? Has it been brought to the attention of the authorities in Montreal?

Mr. MacKINNON (Edmonton West): The officers advise me it is a secret report. Action was taken by the department, but we were not consulted with regard to any prosecution.

Mr. COLDWELL: Some arrangement should be made for the advertising of our Canadian goods. I asked for a return to certain questions, two of which were as follows:

2. Which department of government is charged with the responsibility of advertising or otherwise encouraging the use of domestic coal?

3. How much was spent in 1940 by the government in advertising Canadian coal in Canada?

The answers were as follows:

2. The Department of Mines and Resources is charged with the responsibility of administering coal subsidies and subventions but does not conduct any advertising with a view to stimulating the use of Canadian coal for domestic purposes.

3. Nil.

Mr. MacKINNON (Edmonton West): Who gave that return?

Mr. COLDWELL: It is sessional paper 175B.

Mr. MacKINNON (Edmonton West): From what department?

Mr. COLDWELL: It was given me by the Secretary of State. The answer is from the Department of Mines and Resources.

Mr. MacINNIS: Why cannot the minister's department deal with the question of short weight, as referred to in this report?

Mr. MacKINNON (Edmonton West): The report deals with coal weights in Montreal. In that city there is a municipal by-law covering coal and coal weights. The officers of this department have adopted the policy of not interfering beyond making any necessary investigation and reporting.

Mr. MacINNIS: Do I understand that so far as the Department of Trade and Commerce is concerned, operating through this branch, all it does is to see that the scales weigh correctly, that if there is some other dishonest practice in connection with weighing, the department is not concerned, but is only concerned that the scales weigh sixteen ounces to the pound?

Mr. MacKINNON (Edmonton West): I have a memorandum on this matter. As a matter of fact the principal duty of this branch of the Department of Trade and Commerce is the checking of weights and measures. In this particular case I might say that the only authority possessed by the department to enforce correct weight is the short weight provision of section 63 of the Weights and Measures Act. But there is no offence on which they can act until sale and delivery has taken place, and deliveries of coal cannot be check-weighed in private cellars. The alternative means of public protection is the check-weighing of coal in course of delivery, by city officials under municipal by-law, as practised in most cities. Such local supervision is both legal and valid, and has recently been declared so by Judge Constantineau in his judgment in the recent prosecution of the city of Ottawa.

The royal commission on coal, dealing with complaints of short weight, mixing, substitution, et cetera, stated:

The remedy appears to be in the strict enforcement of adequate regulations for the protection of consumers. These should include enforced public weighing, rigid inspection and checking of delivery slips, proper identification of trucks and men, and an appropriate but not prohibitive license fee. Any municipality has the powers and ought to have the competence to enact and enforce such regulations.

Item agreed to.

Dominion bureau of statistics.

353. Statistics, $934,520.

354. Census of population, $2,886,350.

Mr. NICHOLSON: At the outset I should like to express appreciation of the valuable work performed by the bureau of statistics. I do not suppose there is any service of government that is used as widely by all hon. members as this department.

But what I rise to complain about is the method that has been followed in carrying out the census at this time.

The CHAIRMAN: Is it the wish that we take items 353 and 354 together?

Some hon. MEMBERS: Agreed.

Mr. NICHOLSON: A year ago, when it was decided to take the national registration, the then newly appointed Minister of National War Services (Mr. Gardiner) appealed to all hon. members to give their

whole-hearted support to the completion of this project. Although the then Minister of National War Services has never been supported in the west by this group, I am sure all members of the house gave him complete cooperation. In my own case I did what might seem an unusual thing, I named two Liberals to occupy the key positions in my constituency of registrar and deputy registrar—

Mr. MacNICOL: The hon. member was not playing politics, was he?

Mr. NICHOLSON: I did this because these two men had recently completed the work of returning officer and clerk, and their services were, on the whole satisfactory; they knew the constituency, and I thought that experience should warrant their appointment for this responsible position. The people throughout the constituency carried out the work in the same spirit. They thought that with the war on, we should forget partisan politics.

I think the Minister of Trade and Commerce made a start on those lines in connection with the census.

I have here a return showing the correspondence that went out from the minister's office. I am sorry that he did not carry through. I find that a letter went out from the dominion statistician—there is no date on it—mentioning that he was sending out this letter on the request of the minister. The letter reads:

> In this connection I am now writing on the instruction of the minister to bespeak your special care in selecting enumerators who are in every respect suitable for their duties and who will be acceptable to the general public. . . .
>
> I am instructed also to direct that you make a fair distribution of the appointments from amongst the political parties represented in your district and to this end that you confer with both the sitting member and the defeated candidates for your constituency.

Hon. members on this side complain about those instructions not being carried out. In my own constituency the instructions were carried out to the extent of consulting me, and I spent two or three hours in going over my constituency lists carefully. To fill one hundred positions I suggested some thirty names, giving special consideration to the requirements outlined in another letter which went out from the bureau of statistics, and which I have here. This other letter set out the special qualifications for the enumerators, and laid special emphasis on the fact that the enumerators should have certain qualifications. First, there should be a preference to men who served overseas; second, crop correspondents of the dominion bureau of statistics should be considered; third, officers and leading workers in farmers' organizations, live stock associations, et cetera, progressive farmers and their sons and daughters, and especialy young men and women who have attended agricultural colleges or universities. Then school teachers when available, and it was further suggested that in certain sections women would make excellent appointees, owing to the fact that in many instances the information must be obtained from the female head of the house. It said that in the last census several women had done excellent work as enumerators.

The next paragraph of course gave the commissioners a way out:

> At the same time we want you to clearly understand that the appointment of enumerators rests solely with you and that you are responsible for the efficiency and accuracy of the census of your electoral district.

Mr. MacKINNON (Edmonton West): What is the date of that letter?

Mr. NICHOLSON: There is no date on any of these letters.

Mr. MacKINNON (Edmonton West): I may be wrong, but I think the hon. gentleman must be quoting from notices or forms that went out on some other work, because I do not remember those forms going out on the census work.

Mr. NICHOLSON: Perhaps I should have pointed out that I am quoting from sessional paper No. 290A, "copy of all letters, telegrams, recommendations and other documents in the possession of the department relative to the appointment of the census commissioner for the constituency of Mackenzie, Saskatchewan."

This last letter is No. 4, prepared by the Department of Trade and Commerce, R. H. Coats, Dominion Statistician, on "appointment of enumerators, eighth census of Canada, 1941."

I might mention that in the future I think these letters should be dated. There is a whole series here. There is no indication to whom the letter was sent, but I presume the policy was of writing to the defeated candidate.

Mr. MacKINNON (Edmonton West): These were the general letters that went out first. I thought the hon. member was referring to communications direct with the census commissioners.

Mr. NICHOLSON: I explained that I was reading the general instructions given in order that the enumeration might be carried on impartially with a view to having the information so collected that the people would feel

that this money was being spent to get information which would be of use instead of appointments being made of friends of the party in power. Naturally I thought that these recommendations were going to apply to my riding.

As I said, I spent considerable time in going carefully over my lists, giving special consideration to returned soldiers and the other qualifications mentioned. I was given to understand from the commissioner that these recommendations would be taken into consideration. Out of one hundred to be appointed, I suggested thirty, if I remember correctly, but I have a list here of the hundred later appointed, and not a single name that I recommended appears on this list.

An hon. MEMBER: The hon. member has not enough pull.

Mr. NICHOLSON: I know that the commissioner has his way out, seeing he takes final responsibility. I am not saying that these people are not qualified. I am not suggesting that; I know many of these people will carry on their work efficiently; but so far as I can see, these appointments have been made on a strictly partisan basis, and that is not good enough.

An hon. MEMBER: He would not accept any of the Liberals recommended by the hon. member.

Mr. NICHOLSON: As a matter of fact I did recommend two Liberals last year to the Department of National War Services, in order to indicate that for my part I was not going to play politics in this emergency. In carrying out this census the minister might have gone as far as the Minister of National War Services went last year, in order to see that all the people of the country were asked for their whole-hearted cooperation. I know it is too late now to do anything about the matter, but in future an important service such as this should be taken away from petty ward heelers, who seem to be doing most of the work this year. In every community throughout the country there are people who have a special flair for this sort of work. In my constituency I have people who for thirty-five years have been voluntarily sending information to the bureau of statistics because they are interested in compiling and studying statistics. I believe this department should have tried to locate people in the various communities across the country who will supply the department with a constant stream of valuable information every month and every year. After looking over this list, I think I am safe in saying that 90 per cent of these people will feel that they have no further responsibility after they receive their pay cheques, and their interest in this work will end. This is one field where, as part of a permanent policy, we should get away from narrow partisan politics and see that appointments are made on the basis of merit. I cannot let this item pass without a protest over the failure of the minister to carry out this census according to the outline he gave the house originally.

Mr. COLDWELL: I should like to endorse what has been said by the hon. member for Mackenzie. I was not even approached with regard to my constituency; not that I particularly wanted to be, because I think these matters should be handled altogether apart from any member or any defeated candidate. In my constituency, however, there is a good deal of feeling that since many of the people volunteered their services in connection with the registration last year, and have been busy this year with the salvage campaign, the sale of war savings certificates and now the victory loan campaign, this census should have been handled altogether apart from local politics. As I say, I was never approached in my own constituency. I have sometimes said that I was suspicious that some so-called Social Credit candidates who were brought into Saskatchewan in 1935 became Social Credit candidates just in order to split the vote and elect the Liberal candidate. In my own constituency the gentleman who has been appointed commissioner was the Social Credit candidate in 1935, having transferred his allegiance from the Liberal party to the Social Credit party a few weeks before the election. When I was in my constituency at Easter I found that the people had been told they would have to approach not only the defeated federal Liberal candidate but the sitting Liberal members or defeated Liberal candidate for the provincial legislature. Apparently the recommendations were being received through the local provincial politicians for parts of my constituency which is a bad situation.

Mr. MacKINNON (Edmonton West): We have nothing to do with that.

Mr. COLDWELL: I know the minister had nothing to do with that, but I am pointing out that the local political game is going to destroy any unity we may have in connection with our war effort. I should like to add that so far as this group is concerned, we have leaned over backwards in trying to play the game fairly with the government. There have been times when we might have been more embarrassing but refrained from doing so because we did not wish to do anything that would undermine confidence in Canada's

war effort. We expect that in all constituencies there will be a measure of non-partisanship exercised in government expenditures in war time. I want to protest most emphatically against what has been done. I quite agree that this practice has not been followed everywhere; that in many constituencies the sitting Liberal member has tried to carry on this work more or less on a proper basis. But there have been constituencies, and mine is one of them, where the sitting member was never asked for a recommendation. I would not wish to be approached, because I do not believe in any form of political patronage. At the same time, however, I object to having what I may call—and I do not use this term disrespectfully but because I know of no other—local ward politicians making recommendations for remunerative government employment, when a great deal of voluntary service is being rendered by all the people of the constituency, irrespective of their political persuasion.

Mr. GILLIS: I find myself pretty much in agreement with the hon. member for Rosetown-Biggar, particularly with regard to the question of political patronage. As I understand it, one of the fundamental principles of our organization is that political patronage is one of the first things we would eliminate if we were in a position to do so.

I find fault with the Minister of Trade and Commerce specifically with respect to this matter. I view the minister of any department exactly as I view the commander of a battalion or regiment in the army. He should be and is responsible for the discipline and direction of his department, and any violation of orders issued by the department is the direct responsibility of the minister. As the hon. member for Mackenzie pointed out, the minister did issue specific instructions to those selected as census commissioners across Canada, that with respect to appointments the commissioners were to get in touch with the defeated candidates and also the sitting members. I was in my constituency, in the very town where the commissioner for the constituency lives, for some weeks after the appointment was made, but I never saw or heard from this gentleman, whom I know very well. On May 7 I wrote the minister pointing out that I had not been consulted in any way, shape or form by the man to whom had been delegated the authority to appoint enumerators for the constituency. The minister replied on May 8 stating that he was suggesting to his permanent officials that they check up on this particular case, but to date I have heard no more about it.

I have nothing at all against the man who has been appointed in my constituency. He is a local merchant; he is very well off, and I know many men better qualified and more in need of the work than this gentleman. I can say that without reservation. In my constituency it has always been the practice—I hope it still is, although I cannot say—in matters of this kind to make the fullest possible use of the ex-service men's organizations. They have always been given preference. This gentleman of whom I speak is not a returned man, nor do I expect him to become a returned soldier in this war, although I believe he is not too old to make his contribution. What I am finding fault with is this. I do not care whom the Minister of Trade and Commerce appoints; that is his responsibility, but when he sends out specific instructions to small-town politicians throughout the country, I expect him to see that those instructions are obeyed and followed out.

The registration campaign was conducted on a voluntary basis. I travelled throughout my constituency and checked every registration booth. A good job was done there. I am reasonably sure that the people who carried on that work will receive absolutely no consideration in this connection. I am adding my protest to those of other hon. members. When orders are issued by the government to people on the outside, those orders should be carried out.

Progress reported.

INCOME AND CORPORATION TAX

CORRESPONDENCE WITH PROVINCES AS TO THEIR WITHDRAWAL FROM THESE FIELDS FOR DURATION OF WAR

The house having reverted to the order for motions:

Hon. J. L. ILSLEY (Minister of Finance): This morning the leader of the opposition (Mr. Hanson) asked me if I would lay on the table of the house the correspondence between this government and the governments of the provinces relating to the offer to the provinces. I told him that I would get the correspondence together and do so. I now beg to lay on the table this correspondence, but I wish to repeat what I said this morning, that some of the negotiations were by word of mouth, by telephone and otherwise. I should like to add also that this correspondence is not complete, there being certain letters which I do not think should be tabled. These relate to matters of detail which I do not think should be made public during the course of

the negotiations. They will probably be subject to modification as the negotiations go on, and to make them public during the negotiations might occasion some embarrassment to some of the provinces. For that reason I have used my discretion and have left them out.

SUPPLY

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

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF TRADE AND COMMERCE

Dominion bureau of statistics—

353. Statistics, $934,520.

354. Census of population, $2,886,350.

Mr. MacNICOL: Mr. Chairman, I can agree with the hon. member for Rosetown-Biggar so far as the present census taking is concerned, but if it were not for the war I would disagree because, in the past, census appointments have always been made by the party in power. Personally I take no exception to that method except in war time when we should all be united in our war effort. During the war I do not think these appointments should be made in a political manner, and to that extent I agree with the hon. member for Rosetown-Biggar.

I have no fault to find so far as my own riding is concerned. When the registration was taken last year, the minister of the department sent out regulations that the sitting members should name both the chief registrar and the deputy registrar, and likewise the enumerators. When I received my instructions I at once got in touch with the Liberal candidate who had opposed me at the last election, and I said to him, "You name one-half of the appointments from top to bottom, and I will name one-half from top to bottom." Then I—and when I say "I", I mean my association—named the registrar, and the Liberal association named the deputy registrar. My association named 131 enumerators, and the Liberal association named 131 enumerators. In that way we eliminated politics in Davenport riding; the registration was taken efficiently, and everything was harmonious throughout.

When it came to taking the present census, the instructions sent out by the minister or by the department were quite clear to me, and, I am glad to say, quite clear to the commissioner who had been named by the department for my riding. He was a Liberal. He got in touch with me, and when I was home on Saturday last I got in touch with Mr. T. W. Meriam, the president of my association, and asked him how the census preparations were going in my riding. He said, "Fine. The commissioner has been fair, and I have no cause for complaint. In fact, he was quite willing to give me more than I was entitled to." Therefore, so far as Davenport riding is concerned I have no fault to find, and I am convinced that if fault has been found elsewhere it has probably been on account of partisanship in the appointments. I have seen no evidence of that in Davenport, but here and there one will find a Liberal candidate or a Liberal member, perhaps as a Conservative candidate did in other times—

Mr. HOMUTH: Oh, no.

Mr. MacNICOL: —who has reverted to former times and appointed all Liberals or nearly all Liberals. But there are other ridings like Davenport in which everything has been eminently fair.

I have in my hand an editorial from the *Huron Expositor,* of Seaforth, of May 16, 1941. That is in the riding represented by the hon. member for Huron-Perth (Mr. Golding), who is not in his seat at the moment. He is the Liberal member for that riding, and this editorial shows that he deserves credit for what he did. I may say that ever since I have known him in this house I have always found him fair, and the way this newspaper represents him to be convinces me that he is fair. The editorial is headed "The Wrong Presumption" and reads:

> Speaking of the forthcoming census, the *Globe and Mail* said in a recent editorial:
>
> "On June 2nd seventeen thousand census enumerators, presumably all good Liberals, will sally forth with armfuls of nine different kinds of forms for the decennial stock-taking of the Canadian people."
>
> As far as this riding is concerned, the *Globe and Mail's* presumption as to "all good Liberals" is very wide of the truth. In this riding of Huron and Perth, and, we understand, in a good many other ridings, the census enumerator appointments are made on a fifty-fifty basis—half Liberal and half Conservative.

The hon. member for Huron-Perth told me that as soon as he received notice that the census was to be taken, he got in touch with his commissioner and instructed him to split the appointments from top to bottom. There is no trouble in Huron-Perth.

I would close by saying that had all the commissioners interpreted the regulations sent out by the department as they were interpreted in Huron-Perth and in Davenport,

there would be little criticism of the department. But, as I said, there is the occasional partisan who cannot get away from partisanship even in war time. They will have to answer for that.

Mr. HLYNKA: Before I say a word on this item, I wish to ask the minister three questions: First, whether or not there are committees set up in each constituency to act in an advisory capacity to the census commissioner, and, if so, by whose authority are such committees appointed?

Mr. MacKINNON (Edmonton West): There are no such committees which have any authorization from the Department of Trade and Commerce.

Mr. HLYNKA: The minister has repeated time and again on the floor of this house that census-taking will be conducted on a strictly non-partisan basis. I would ask the minister if he still considers that that is the attitude which all the census commissioners have taken, and is that the attitude which his department is taking?

Mr. MacKINNON (Edmonton West): I do not remember having stated that the census would be taken on a strictly non-partisan basis, but I do remember distinctly stating that so far as we could make it possible, the census would be taken on a non-partisan basis.

Mr. HLYNKA: The third question is, will the minister give us the assurance that if something goes wrong in any constituency which should not be going on, will he check it immediately?

Mr. MacKINNON (Edmonton West): It is a little late now to do very much more checking, but the department, the gentleman in charge of this work, and I, as minister of the department, have made a sincere effort to carry this on as reasonably and fairly as we possibly can.

Mr. HLYNKA: So much for questions. I understood from what the minister has told us that the census commissioner in each constituency would get in touch with the sitting member. In my case I have not heard from the commissioner. I wish to say that the Minister of Trade and Commerce has been very considerate in all dealings with me, and I wish to make it plain that the reflection is not upon him but upon the political machine which is being set up and which is disrupting the unity of this country. Let me illustrate what I mean. I hold in my hand a letter written to a gentleman in my riding by the commissioner of the federal constituency of Vegreville. It is as follows:

Eighth Census of Canada,
1941
Commissioner's Office
Vegreville, Alberta,
May 17, 1941.

Mr. D. Prokop,
R.R. 1, Andrew,
Alberta.

Dear Sir:

With reference to your recent letter, I regret I was unable to have your appointment made as enumerator, as there was some objection by the committee on the grounds that you were connected with the Social Credit work in the last election. However, if any enumerator fails to take his appointment, I will endeavour to put you in without having to resort to the committee.

Yours truly,
John Decore
per JD

I should like to know what "committee" that was. Was it not a political committee, the Liberal committee in the constituency? Of course it was. Because of incidents of this kind I must lay at the door of this government some responsibility for the result of certain national efforts in which I have been asked to cooperate. I have here a telegram sent to me from my constituency, telling me that the victory loan campaign is going on very slowly in the riding for the simple reason that the people of the district are disgusted with politics. I should like to know why, in time of war, when we are confronted with the gravest responsibilities, we see fit to behave like school children. I should like to know what possesses grown-up men, in times like these, to make appointments upon a political basis. To be a true Canadian and a loyal citizen does not necessarily mean that one has to be a Liberal. I respect men who have Liberal views, but we want the Liberals to respect our views as well. That is why we have a democracy.

Mr. MacINNIS: What about Liberals with conservative views?

Mr. HLYNKA: Well; it is quite a mixture. There is not much difference at times.

Mr. MacNICOL: That is why they are successful.

Mr. HLYNKA: As member for one of the western constituencies, I was asked to assist the government in the matter of national registration. I did my best, and with the cooperation I received from every group and from all parties the thing went over wonderfully. Next we were asked to help in the

salvage campaign. I sent out a circular and invited the people in my constituency to help, and everything was done that could be done. Next, we were asked to help in the war savings certificates campaign. We enjoyed very general cooperation in that effort. I received a letter a week or two ago from the Minister of National Defence requesting help in the recruiting campaign. I have tried and am trying to do as much as I can along that line. Then came the victory loan campaign, and, of course, there are the Red Cross and other appeals which require our support. I wish now to make it clear that I am not going to stand for any party politics in connection with our national problems. I will go on the platforms and just tear politics to pieces if anyone tries to introduce partisan politics in my constituency in times like these.

Mr. POTTIER: Including the Cooperative Commonwealth Federation?

Mr. HLYNKA: Anybody at all; I do not care who it is. In one district of my riding named Podola, where the people have not had a good crop for ten years, they contributed to the Red Cross fund $100 last year, $100 this year, and have pledged themselves to contribute $100 every year until the end of the war. In that district the people, who are mostly Social Crediters, are really poor; yet that is what they have done. Now, when it comes to census enumeration, this chap writes and tells Mr. Prokop he cannot accept him because he is a Social Crediter. Is that not a shame? It is enough to break one's heart. I must confess that after coming to this house I soon became disillusioned. I do not wish to reflect unfairly upon any hon. members, some of whom are very good men, but I must admit to having been disappointed at the petty attitude which is so often shown at a time when we should cooperate, when we should try to understand the other fellow's point of view. Instead of doing so, we play party politics; we do petty things which one would not expect of high-school kids. I have already given the committee an example of what I mean.

The people of my riding are of varied racial origins. Let me tell you, Mr. Chairman, that it is quite a job to bring them together, to speak to them in, probably, two or three languages, to organize and to put anything over. Yet I have tried to do it, and I have had wonderful success. Then there comes along the Liberal political machine and spoils the whole effort.

To some this may be a laughing matter, but I say that in time of war we cannot stand this sort of thing. I do not wish to say much more about this, but I insist that the people of Canada are sick and tired of party patronage; they are not in the mood for petty politics. As I have already said, I believe the minister is trying to do his best, and I do not wish to reflect unfairly upon him. But we in Canada must rid ourselves of these political machines which are being built up and which interfere seriously with our war effort.

I happen to be the only member in this House of Commons of Ukrainian extraction. I travel from one end of the country to the other trying to explain to our people the problems that face Canada. It is not an easy matter, and when I get letters and telegrams from my riding indicating that politics are carried on, it breaks my heart. It makes it hard for me to do much in other parts of Canada. I shall leave the matter at that. If there develops in my constituency anything that will interfere with the victory loan campaign—because there have already started some mass meetings which are being held protesting against politics of this sort—and if we are not able to get as good a result as we might otherwise obtain in all these campaigns, do not blame me, place the responsibility on the government.

Mr. MacKINNON (Edmonton West): I have listened with interest to the remarks of the hon. member for Vegreville (Mr. Hlynka) on the question of partisanship. I have a very high regard for the hon. member, and I think he is playing an active, interested and earnest role in this house. I have considerable sympathy for him to-night, and I hope, therefore, that he will not resent what I am about to say with reference to his remarks concerning partisanship. About ten days ago the hon. member took the trouble, in a partisan way, to go to the constituency of Edmonton East and endeavour to keep the latest member of this house from taking her seat.

An hon. MEMBER: Why shouldn't he?

Mr. MacKINNON (Edmonton West): I am happy to say that his efforts in that partisan way anyhow were not successful.

Mr. HARRIS (Danforth): With some degree of concern I have listened to the answer of the minister to the hon. member for Vegreville. With a good deal of what he had to say I am in accord, and in speaking for a moment or two I should not like to detract from the sentiment expressed by my colleague the hon. member for Davenport (Mr. MacNicol), but if I might be permitted to do so, I would amend it somewhat, or perhaps add to it a little, with regard to the idea which he enunciated, that all is well and

that there is no partisanship or anything of a political nature occurring in the area whence he comes. I might say that he has not got out of the confines of his own little district, because in the first place the citizens of that community feel that this idea of spending two or three millions on this census is wrong. The citizens of that community feel that they would like to step out and do this work without any cost to Canada, and perhaps help in a small way in the solution of Canada's problems at this time. They would like to be able to feel that in some small measure they are doing something to help in the war effort.

An hon. MEMBER: Did they do it?

Mr. HARRIS (Danforth): They did it to perfection in connection with the registration which took place some time ago, and not only did they do it then but they are ready to do it at any time in order to help Canada through this difficult period. Partisanship has been displayed to a degree in my riding, but we can overlook that. There is something more important to-day than the little odd display of partisanship in the taking of the census. Any hon. member who to-day had the privilege of listening to the words that emanated from the United Kingdom would feel disposed, I should think, to sit in silence in his place to-night and allow this work to proceed and the estimates to go through without holding up the session. The Minister of Pensions and National Health says "Hear, hear" in that regard. Let me ask this chamber to absolve me from any attempt to hold up the proceedings of this session at any time. I do not, however, wish the record to go out with the suggestion that there has been a pure, undefiled sheet, so far as the conduct of this particular vote is concerned, in the area from which I come. Quite true, they said, "We will take one or two of your nominations". They have three of mine—three nominations out of some hundred odd; and when more were suggested they said, "Oh, we must take care of those who are assigned to us from the churches, those who are assigned to us from the returned soldiers, those who are recommended to us from the schools, the schoolteachers—yes, provided they have the right kind of stripe—and we must take care of those who belong to what is known in my constituency as the Liberal association of Danforth." All these must be looked after; and when these are all taken care of, the member for Danforth may make one or two nominations—make a dozen and get one or two appointed.

I have no complaint. Go to it; get the census over this year. That is your policy; take the responsibility for spending $3,000,000. I say it is wrong. The excuses which the minister has given for spending the money are not sound. The representations he has made on the floor of the house that, so far as possible, he has tried to be fair and has done it just as it was done ten years previously—

Mr. MacKINNON (Edmonton West): Very differently.

Mr. HARRIS (Danforth): —or twenty, or thirty or forty years previously, and all that sort of thing, are not good excuses. Surely we are living in a new decade and a new generation, and the people are quite aware of what is taking place. I do not complain too much, but at the same time I do protest a little, and I say that in time of war this expenditure of $3,000,000 odd, going through the mill of the political machine, does not help Canada at this juncture. I question whether it will have any bearing on the victory loan. Let us subscribe our victory loan to the full, and those who would use this as an excuse for not subscribing to the loan, those who would use it as an excuse for not encouraging recruiting, are not real Canadians. This is a small, piffling political matter, and we cannot do anything about it. The minister is unable to do anything about it. It is part of the system. At the same time, however, let us not forget that this system, which in a time of war is almost iniquitous, is something which the minister, when he has to make decisions with regard to complaints that come from individual constituencies, should disregard, taking, instead, a broad and generous view. He should not base his decisions on any considerations arising out of the system. Let him not think of his place in a political party; instead, let him consider the difficult situation in which we find ourselves to-day and ask himself what would be best in the interests of Canada.

With these few comments, may I add what I have said as an amendment to the remarks of the hon. member for Davenport—not perhaps entirely a negative amendment—to show that it is not all sweet and well in the constituencies of the Toronto area.

Mr. HANSELL: I do not think the minister's remarks concerning the hon. member for Vegreville going into Edmonton East a few weeks ago are well taken. Perhaps I may have some right to say this because I also was one of the Social Credit members who went into Edmonton East then. I might say for the minister's information, if he is not yet aware of it, that the stand of the Social Credit forces in the Camrose provincial

by-election was that in time of war the sitting member should have an acclamation. That was our stand in connection with the Edmonton East by-election. There would have been no Social Credit or New Democracy candidate in Edmonton East had not a certain gentleman from Toronto invaded that constituency and forced those people to a vote, which would have forced our own supporters either not to vote at all or to vote Liberal or to vote for that other gentleman. When the present hon. member for Edmonton East took her seat here yesterday, I was one of the first to go over and welcome her. I confessed to her that I did my best to keep her in Edmonton, but since the hon. lady is here and the people in Edmonton East have spoken, this group welcomes her to this house.

Some observations made by other hon. members speaking to this item in the estimates have revealed that appointments of enumerators have indeed been political. The fact that the hon. member for Mackenzie recommended thirty names not one of whom was appointed is evidence of that fact. The fact that a letter was sent out by the chief statistician to all chief enumerators suggesting to them that they communicate and confer with the sitting members; the fact that there are some chief enumerators who never did so —the hon. member for Rosetown-Biggar says he was not informed; I was not consulted in a single case; the hon. member for Bow River says he was not, and I suppose other hon. members could say the same thing—and the fact that the hon. member for Vegreville places on the record a letter which declares that one name was not considered for the particular reason that he was an active Social Crediter in the last election, certainly savour of politics. I would suggest that if the gentleman mentioned in that letter had been active in Liberal politics in the last election he would never have received a letter of that kind.

These conditions, together with the fact that we are now asked to vote nearly $3,000,000 in order to take the census in time of war, put the question to us whether or not we are justified in voting this huge expenditure. Therefore I move, seconded by the hon. member for Bow River:

That vote No. 354 be reduced to one dollar.

Mr. STOKES: In connection with this vote for the census-taking, which I must admit is an unpopular vote in the riding from which I come, I wish to say that, comparing my own position with that of the hon. member for Davenport who referred to the manner in which we made the registration last summer in our various ridings, I think I went him one better; I made a Liberal the registrar and a Conservative the deputy registrar.

An hon. MEMBER: Were they paid?

Mr. STOKES: A great many sub-registrars were not paid, but the full-time registrar was paid. In connection with this vote I should like to repeat a paragraph that was read by the hon. member for Mackenzie a short time ago from a letter of the dominion statistician in sessional paper No. 290:

I am instructed also to direct that you make a fair distribution of the appointments from amongst the political parties represented in your district and to this end that you confer with both the sitting member and the defeated candidates for your constituency.

I would ask the minister what penalty he would impose on a commissioner who did not follow out those instructions.

Mr. MacKINNON (Edmonton West): There is no penalty; the act does not provide for any penalty. Just the ordinary procedure has been followed.

Mr. JACKMAN: Will anyone who received the patronage in connection with these census enumerators and abused his privilege be given any further patronage by the Liberal government as long as the war lasts?

The CHAIRMAN: The question put to the minister was not in relation to the motion. The motion is to the effect that vote No. 354 be reduced to $1.

Mr. MacINNIS: It was not my intention to say anything with regard to this, and I am not going to detain the committee more than a moment. We ought to get on with the estimates because we have a great deal of important work to do.

So far as Vancouver East is concerned, I do not know whether a census is going to be held there or not. I never heard anything about it from anyone except one old gentleman in the constituency who wrote me asking if I would get him a job as enumerator. I took his letter rather as a compliment because he told me he had been a die-hard Liberal for fifty years. Not having anything to offer him, I forwarded the letter to the Minister of Trade and Commerce with my hope that he would do something about it. I think we should get finished with this, because, after all, there is nothing we can do about it.

Motion (Mr. Hansell) negatived on division.

Mr. JACKMAN: I asked the minister a question to which I should like an answer. In my riding there has been a flagrant violation of the instructions issued by the dominion

statistician under the authority of the minister; and I asked the minister whether, if this is proved to be the case, further patronage during the period of the war will be given the gentleman who has had the patronage in connection with the census.

Mr. MacKINNON (Edmonton West): I wish to be very careful in my reply, and I do not wish to say anything that might provoke. Quite frankly, however, partisanship did not enter into the minds of those in my department who were in charge of this census, nor did it enter into the mind of the minister. The appointment of the census commissioners was proceeded with by the department in the ordinary way, and I ask hon. members to accept this statement in all sincerity. No request came to me for the nomination of any particular individuals; it was only after the matter had been taken up in this house, with regard to the selection of enumerators by the census commissioners, that I really took an interest in the matter, and that was the only time I thought of any political patronage or partisanship.

Mr. ROWE: I should like the minister to explain what he meant when he said that these appointments were made "in the ordinary way."

Mr. MacKINNON (Edmonton West): I wish to avoid any argument about this, but this was done in the ordinary way, the way in which the census has been taken every year since 1871.

Mr. JACKMAN: The minister has not yet answered my question.

The CHAIRMAN: I have already pointed out to the committee that in discussion the same question cannot be repeated ad nauseam. The question is put to the minister and he makes his reply. If hon. members are not satisfied with that reply, their remedy is to vote the item down. Tedious repetition of the same question is against the rules of the house.

Items 353 and 354 agreed to.

358. Mail Subsidies and Steamship Subventions. Atlantic ocean. Canada and South Africa, service between, $100,000.

Mr. COLDWELL: Is this a subsidy to some steamship service, or what is it? Then may I ask the minister if he has succeeded in obtaining any shipping space for the export of several million bushels of Canadian wheat to south Africa, if that matter comes under this item.

[Mr. Jackman.]

Mr. MacKINNON (Edmonton West): This is a subsidy that has been granted for a number of years.

With regard to the shipment of wheat to south Africa, the difficulty in the way of meeting the wishes of south Africa and the desires of Canada is the question of shipping space. Very large shipments of war supplies from Canada to south Africa have made it almost impossible to secure space for the shipment of wheat. In addition, south Africa has been in the habit of buying a certain quantity of our hard wheat to mix with its own wheat. This year, on account of difficulties with regard to foreign exchange as well as lack of shipping space, south Africa is relying on its own wheat and also on the use of rye and soya beans. We are very anxious to sell wheat to south Africa or any other part of the empire, but the main difficulty at the present time is in connection with shipping space.

Mr. COLDWELL: I have in mind a particular case which I mentioned to the minister some three months ago, with regard to an order from south Africa for three million bushels of wheat, as to which I received some information. The difficulty at that time was in connection with shipping space; I spoke to the minister about it, and I have been wondering whether that amount of wheat, which I think was bought through James Richardson and Sons, had been shipped. The minister will perhaps recall the matter now. One of the shipping firms spoke to me about it when I was in Montreal.

Mr. MacKINNON (Edmonton West): I recall the conversation I had with the hon. member. After making inquiries, I have been able to find no trace of any firm order for any such quantity of wheat.

Item agreed to.

359. Mail Subsidies and Steamship Subventions. Pacific ocean.

British Columbia and South Africa, service between, $80,000.

Canada, China and Japan, service between, $595,000.

Prince Rupert, B.C. and Queen Charlotte Islands, service between, $22,000.

Vancouver and Northern ports of British Columbia, service between, $15,000.

Victoria, Vancouver, way ports and Skagway, service between, $10,000.

Victoria and West Coast Vancouver Island, service between, $10,000.

Mr. GREEN: Will the minister explain the situation with regard to the service across the Pacific ocean now that the Canadian boats have been taken over by the Admiralty? As

I understand it, all shipping across the Pacific ocean is now being carried in United States bottoms.

Mr. MacKINNON (Edmonton West): The question of the Vancouver-Far East steamship service has given us a very great deal of concern. One after another the Canadian Pacific steamships on the Pacific have been requisitioned for war-time purposes, and the situation at present is that there is no Canadian or British shipping service between British Columbia ports and the Far East. Any shipping that is available at the present time consists of tramp steamers. If we could get any ships to carry our goods and our mails to the Far East, the subsidy could be paid, but at the present time no subsidy is paid because we have no ships available.

Mr. GREEN: Does that apply to the $595,000 portion of the vote?

Mr. MacKINNON (Edmonton West): Yes; that is the item.

Mr. GREEN: In ordinary times, how is that divided between the shipping companies?

Mr. MacKINNON (Edmonton West): This amount was to provide for seventeen trips by the Canadian Pacific ships, at $35,000 a trip.

Mr. GREEN: Those were the regular passenger steamers?

Mr. MacKINNON (Edmonton West): Yes.

Mr. GREEN: Then, as long as they are out of the service, no subsidy will be paid to any firm at all?

Mr. MacKINNON (Edmonton West): The Canadian Pacific have been trying so far unsuccessfully, to obtain other ships to take the place of those which have been requisitioned.

Mr. GREEN: Is any portion of this subsidy available for tramp ships, or ships of any other line than the Canadian Pacific?

Mr. MacKINNON (Edmonton West): Any part of this item could be used, but it has not been contemplated to do that.

Mr. MacINNIS: Unless the Canadian Pacific Ocean Services, Limited, are successful in getting other ships to replace those which have been taken, this item will not be used this year?

Mr. MacKINNON (Edmonton West): That is correct.

Mr. ROWE: I notice that the second item is for $595,000 for services between Canada, China and Japan.

Mr. MacKINNON (Edmonton West): That is the one we have been discussing. Unless the Canadian Pacific can secure ships, it is not likely that any part of this item will be used. But we wanted it in the estimates because we want the services if we can possibly get them.

Mr. ROWE: Surely a subsidy should not be paid for transportation services to Japan, when we are stopping the shipment of other products to that country.

Item agreed to.

361. National research council. Salaries and other expenses of the national research council, $832,635.

Mr. COLDWELL: Is this vote to cover operations, or is it for capital account?

Mr. MacKINNON (Edmonton West): There is an item in the supplementaries, No. 523.

The CHAIRMAN: Is it the pleasure of the committee that items 361 and 523 be taken together?

Some hon. MEMBERS: Yes.

523. New premises for annex laboratories—(revote), $342,754.

Mr. COLDWELL: Apparently item 523 is for new premises?

Mr. MacKINNON (Edmonton West): That is for capital account.

Mr. COLDWELL: Could the minister tell us briefly what is being done here?

Mr. MacKINNON (Edmonton West): The special committee on aeronautical, electrical and hydraulic research facilities, comprising representatives of the departments of national defence, public works and transport, and of the national research council, under which the project has been developed, held its first meeting April 12, 1939. The design of buildings and equipment is being carried out by the council staff. Contracts are let and construction supervised by the Department of Public Works. Expropriation proceedings were initiated in April, 1939, and active design of buildings and services commenced that month.

The new laboratories are located on a site of some 130 acres, adjacent to the Royal Canadian Air Force, Rockcliffe air station, at the corner of the Montreal and Skead roads, about four miles east of Ottawa. The original project comprised some fourteen separate laboratories and buildings. Subsequently, following the outbreak of war, the construction of four laboratories, not of direct war importance, was postponed. The present

project includes ten of the original buildings and an explosives laboratory, a total of eleven structures.

Construction on the first building commenced October 17, 1939. The present position is as follows. Settlement of all expropriation claims has been affected. A water supply and distribution system has been installed; sewers laid, and construction of a system of roads is well advanced. The Hydro Electric Power Commission of Ontario has constructed a transmission line to the site and a transformer station on the property. The corner-stone of the aerodynamics building was laid on July 23, 1940. Construction of the following buildings is nearing completion and they are now occupied wholly or partly:

Aerodynamics building (wind tunnels and aircraft instrument laboratory).
Central heating plant.
Instrument and model shops.
Storage building.
Aircraft structures laboratory.
Gate house.

The following buildings are in various stages of construction and all should be completed by September 30:

Aircraft engine laboratory.
Model testing basin (floats and hulls).
Gasoline and oil laboratory.
Flammable storage building.

The design of the explosives laboratory is practically finished, and tenders are about to be called.

Mr. COLDWELL: What is the total estimated cost of this project?

Mr. MacKINNON (Edmonton West): The total cost is $1,782,168.

Mr. MacNICOL: Has the national research council been carrying out any investigations in connection with the extraction of magnesium from dolomite?

Mr. MacKINNON (Edmonton West): As the hon. gentleman knows, that work is secret. I have no information on it, but something has been done.

Mr. MacNICOL: Could any report on what the council has been doing be obtained?

Mr. MacKINNON (Edmonton West): For reasons that will be readily understood, this report is not for publication. I do not think there would be any objection to giving such information to any hon. member.

Mr. MacNICOL: I do not understand why it is not published.

Mr. MacKINNON (Edmonton West): I am in the hands of my advisers.

Mr. MacNICOL: During the past few months I have seen this metal being extracted from dolomite most successfully. Perhaps this would come under the Department of Mines and Resources.

Items 361 and 523 agreed to.

Mr. HOMUTH: Before we leave the estimates of the Minister of Trade and Commerce, I should like to ask a question with respect to the Hecker H-O company in my riding. I was unavoidably absent this afternoon when the minister's estimates came up. Could the minister make a statement now as to whether there has been any change in the situation with regard to this company getting permits to export to Great Britain?

Mr. MacKINNON (Edmonton West): The hon. member for Waterloo South (Mr. Homuth) has spoken to me about this particular company and its shipments to the United Kingdom markets, and since it is a typical case, I think I should make a brief statement respecting the negotiations between this company and my department.

On the outbreak of war in September, 1939, the United Kingdom prohibited importation of many commodities and subjected others to import licence. From time to time new commodities were prohibited or restricted by licence control. Cereal breakfast foods, including "Force" manufactured by the Hecker H-O company, were subjected to import licence as from March 21, 1940.

The Department of Trade and Commerce on March 21, 1940, instructed the Canadian trade commissioner in London to give every assistance possible to the representatives of the Hecker H.-O company in the matter of obtaining import licences for "Force". The trade commissioner replied on April 9 that the representatives of this company had received licence to import 8,700 hundredweights of "Force" during the ensuing three months.

In July, the Hecker H.-O company informed the department of further difficulty in obtaining licences for "Force". The Canadian trade commissioner was again asked to assist. He reported on July 18 that the matter had been discussed with the dominions office of the British government and also that a subcommittee of the Canadian Chamber of Commerce, comprising London representatives of different Canadian breakfast cereal companies, had been formed for the purpose of negotiating with the ministry of food over import licences.

Writing further on September 11, the trade commissioner stated that owing to the urgent necessity of concentrating overseas exchange resources and shipping and port facilities upon essential services, the ministry of food had decided that they could not issue licences for

importation of breakfast foods. The general and economic situation had become even more critical than earlier in the year. The trade commissioner was of opinion that in view of the attitude of the authorities toward various staple food products, no useful purpose would be served by pressing the matter with the ministry. For example, about this time licence was refused for importation of packaged rolled oats.

A further effort was made to assist the Hecker H-O company by furnishing a statement of their case to the Canadian delegation, headed by the Minister of Agriculture (Mr. Gardiner), which went to England in September, 1940. On their return, the delegation reported that discussions with the ministry of food definitely indicated that there was no prospect of any reversal of the position taken by the ministry regarding breakfast foods at this time. The whole matter is one of shipping space.

DEPARTMENT OF THE SECRETARY OF STATE

35. Civil service commission—salaries and contingencies of the commission, $406,900.

Mr. GREEN: Will the minister explain the attitude of the government with regard to that portion of the annual report of the civil service commission for the year 1940 which is to be found at page 5 and deals with salaries of employees in the lower grades who have been brought into the service since the war started? The passage reads:

> The commission accordingly recommended that the salary of these employees should be increased on satisfactory service to $65 per month after six months' service, $70 after one year's service and $75 after two years' service. This recommendation was not approved by the treasury board, although an increase to $65 after six months' service was allowed, and a new class carrying a salary of $75 per month was set up for duties of a higher nature, to apply to certain employees giving exceptional service and having served for at least two years.

The commission goes on to use these significant words:

> While this step affords some alleviation, the commission is still of the opinion that the form of increase originally proposed by it is best suited to meet the situation, and that it is in the public interest that it should be applied.

Will the minister explain to the committee the attitude of the government with regard to that recommendation?

Hon. P. F. CASGRAIN (Secretary of State): That is a matter to be dealt with especially by the treasury board. At the present time there is before the government a petition from the Civil Service Association with regard to that matter, and that is under consideration as well as other representations received more recently from the Amalgamated Civil Servants. This will be considered, I think, at the same time as the other matter is being adjusted.

Mr. GREEN: What about the next paragraph of the recommendations of the commission found at the top of page 6, which has to do with the present limitation on the number of permanent positions in a department? The report reads as follows:

> Difficulty has also continued during the year with reference to the granting of permanent status to employees who are performing work that is permanent in nature. This does not apply to war employees, but the reestablishment of the quota regulations limiting the number of permanent positions in any department to a definite proportion as set by the treasury board has renewed difficulties which it was hoped had disappeared when the original quota order was rescinded by order in council in 1939. The commission is of the opinion that permanency in tenure should depend not upon an arbitrary figure but upon the permanency of the work involved, and that if the work is permanent, the employee, if giving satisfactory service, should also be permanent.

I think that is the belief of many members of this house as well as being the belief of the civil service commission, and I would ask the minister to explain why the government continues to insist on a certain percentage of employees in any one department not being allowed to become permanent.

Mr. CASGRAIN: I am given to understand that there is always a certain percentage of permanent employees in a department, 80 per cent, and that the rest are what are called "temporaries" by the nature of their service. It has been thought from time to time that certain temporary employees should be permitted a permanency. For instance, the other day, as the hon. member will recall, certain readjustments were recommended by the civil service commission with respect to the servants of this house, and the commission's report was adopted by the house whereby certain temporary employees on the house staff were made permanent. I have in mind to bring this matter up anew with a view to seeing that action such as my hon. friend has suggested be further considered.

Mr. MacINNIS: I should like to support what the hon. member for Vancouver South has just said. Until 1936, I think it was, the proportion of temporaries to the permanent staff fluctuated from time to time according to the needs of the departments. There was no arbitrary figure or fixed percentage of temporaries to permanents. The civil service committee which met in 1938 and again, I think, in 1939 reported on that question, and the passage just quoted from the commission's

report is, I believe, in accordance with the findings of the civil service committee of those years. That is a matter which should be taken into consideration at once by the minister, because it is not right that persons employed in work which is of a permanent nature should be continued year after year as temporary employees and thus debarred from participating in the advantages which come to the permanent staff.

Mr. CASGRAIN: I might say that this rule which I have mentioned, whereby 80 per cent of the employees are permanent and the remainder are temporary, is a rule of the treasury board. As to many of these cases, the hon. member should bear in mind that although there is a minister in charge of the operation of the civil service commission, all these matters which have to do with increases in salary that are recommened by various committees of the house which have sat from year to year, as well as changes in the personnel, have to be dealt with by the treasury board. They become, therefore, matters for the finance department. For that reason I am not in a position to say that all these recommendations will be carried out, because even though the minister made them, they would have to be scrutinized and passed by the treasury board.

Mr. MacINNIS: If the operation of the civil service commission comes under the Department of Finance, why is this item not in the Department of Finance estimates? How can we discuss estimates of a department unless the minister under whose jurisdiction that department comes is in the house so that he may be in a position to answer questions which are asked?

Mr. CASGRAIN: I wish I were able to give my hon. friend the answer he desires. At the present time the functions are distributed in this manner. The civil service commission is a public body created by parliament, and it so happens that its minister in the house is the Secretary of State. But when there is a question of adjustment of salaries, the civil service commission investigates them. When a body of employees of the civil service makes representations to the civil service commission that certain positions be made permanent, or with regard to other matters such as we have discussed this evening, they are referred to the civil service commission for attention. Then the commission makes its report, which is dealt with by the treasury board, and finally the government assumes the responsibility of either adopting or amending the recommendations.

[Mr. MacInnis.]

Mr. DIEFENBAKER: On June 10, upon motion of the Prime Minister, a report of the civil service commission classifying certain positions to which employees on the temporary staff of the House of Commons are to be appointed on a permanent basis, laid on the table of the house on March 5, 1941, was approved, whereby it was provided that the six constables transferred to the messengers and cleaning branches in the reorganization of the house services be made permanent by the civil service commission at the same salaries as they are now receiving.

The last clause reads:

> It is recommended that appointments of temporary employees with five years of service be authorized at their present salary rate, or, if there is no rate in the range equal to their present salary then at the next higher rate, but not exceeding, however, the maximum rate of the class.

I should like to inquire of the minister, regarding some of the sessional employees, such as messengers and the like, who have been here for a period of five years or more, not continuously, but just from session to session, whether they would come within the purview of this section which provides that "appointments of temporary employees with five years of service be authorized at their present salary rate." I speak particularly of these men, some of whom have been here for more than five consecutive sessions, some as many as ten, and I put in a plea on their behalf and ask the minister if he is able to bring them within the purview of that section, or, in any event, to enable their appointments to be made permanent.

Mr. CASGRAIN: My hon. friend knows that if the messengers and other employees of whom he has just made mention are among the classes of employees mentioned in the resolution adopted by the house, they would come under the recommendation and would be made permanent. If not, it would be for the internal economy commission of the house to make a recommendation to the civil service commission; the civil service commission would deal with it; another motion would be made such as was made on June 10, and then they would be made permanent. It is a matter for the internal economy commission of the house; it is then referred to the civil service commission for investigation and further report of the commission, and thence to the house.

Mr. DIEFENBAKER: I wish to find out from the minister whether these men do come within the purview of the section, because there is considerable doubt.

Mr. CASGRAIN: I cannot express an opinion on that. Legally there may be some question about it, but it is my opinion that they would. Personally, I think they should. If a man has been here for over five years and has rendered meritorious service, he should have an opportunity to be appointed permanently.

Mr. GREEN: Is it possible for civil servants who have permanency to get regular increases at the present time?

Mr. CASGRAIN: I think they do. I understand that, as the law now is, employees who have been permanent for a certain number of years are entitled to what are called statutory advances in their salaries, which they get. I see here certain items wherein there are increases, in some of my estimates and in those of some other departments, and I am told that they are statutory increases. In some instances the amounts are $60; in others, $100 and more, according to the positions that are occupied.

Mr. GREEN: Has any order in council been passed which prevents them from getting statutory increases?

Mr. CASGRAIN: I am not aware of that. The answer is, no.

Mr. MAYBANK: I have before me a copy of an advertisement of a civil service examination. I should like to ask a few questions, not exactly with regard to this particular position, but with regard to positions of a similar nature. This is an advertisement for a caretaker for an armoury in Winnipeg. The rate set is $60 a month, and the question to my mind is, who sets such a salary? While this has reference to a particular appointment, I have no doubt that it is typical of many positions.

The advertisement goes on to state that $15 additional will be allowed in lieu of quarters. It appears that as a rule, in positions of this sort, a man is employed at a certain rate and quarters are provided, but in this particular case quarters are not to be supplied, and that is the situation now in quite a number of such positions. I should like to know how the figure of $15 came to be set, because I should say at once that a salary of $60 for a man who has to be a mature person—in all probability the sort of man who would take this kind of position would be a married man with a family—is an entirely inadequate remuneration. I do not think it is a fair wage to offer any person for this sort of work.

In the second place, I cannot imagine who ever thought any person could rent a house in a city in Canada for $15 a month. I wish to know who is responsible for fixing so small an allowance in lieu of quarters. I suppose that if I were to rent a tent here in Ottawa to camp out on the banks of the river and enjoy the view—and accommodation is so difficult to obtain that it might be necessary to get a tent and live that way—and if I were to put it up myself, it would probably cost me $7.50 a month. One cannot get quarters in any city in this country for $15 a month, and it seems absurd to me for some organization to have fixed such a figure.

Mr. CASGRAIN: The salaries are generally fixed by the treasury board, and the reclassification is recommended by the civil service commission. I will look into the case which the hon. member has mentioned and see what can be done.

Mr. GREEN: In the Department of Pensions there are returned men, married and with families, who although they are permanent are receiving only $60 a month, and yet in some instances they are training temporary men who sometimes receive as much as $125 a month. That situation is absolutely unfair, and there should be a change. I do not see how the government can expect any married man to carry on with a salary of $60 a month. In some instances people in charge of war veterans' allowance investigation receive that small a salary. In one of our largest cities such a man is getting a very small salary, and while I suppose it is not the fault of the Minister of Pensions, who is bound by the salaries that are fixed, it is a disgrace to Canada. Something should be done about it. These men are actually training other men who come in as temporaries and who are getting nearly twice the salary.

Mr. CASGRAIN: I fully appreciate what the hon. member has said, and I may tell him that a few years ago I was prompted to make changes so that some temporary employees would not get as much as old permanent civil servants in similar situations. I do not know the facts of this case, but I will look into the matter myself to see if we cannot remedy it.

Mr. GREEN: It is a question, not of the temporary employee getting too much but of the permanent civil servant getting too little. In the cases I have mentioned I should have said that the salary is $60 plus $5 bonus.

Mr. ESLING: If the treasury board is responsible for such salaries as are paid to non-permanent employees, the government or whatever minister directs non-permanent employees should bring one circumstance to the attention of the board. Here is a young lady, an artist. She is an exceptionally capable

artist. She colours photographs for the government, and during the recent visit of their majesties in May, 1939, a large photograph was taken for presentation to the president of the United States. This young lady was sent to the archives to colour that photograph, making as nearly as possible a reproduction of the magnificent gown the queen had worn. That was a sufficient indication of her capabilities. She has been with the Department of Mines and Resources for nearly six years and receives the munificent sum of $60 a month. Surely some steps should be taken to remedy such a discrepancy. When the matter was brought to the attention of the minister the reply was that the treasury board would have to remove a permanent employee, who was a married man earning $60 a month, in order to advance this young artist to a permanent position which would give her a better salary. If the Secretary of State has any interest in that matter he will bring it to the attention of the proper authorities with a view to having the situation remedied.

Item agreed to.

327. Naturalization branch, $60,470.

Mr. HANSON (York-Sunbury): Will the minister make a brief statement of policy with regard to naturalization?

Mr. CASGRAIN: I cannot do much more than repeat what I said in March last when a certain question was debated in the house, and supplement the remarks I made on July 15 last, when I first presented my estimates. At the present time the naturalization proceedings follow their usual course as set out in the statute, but when reports of any judge come up, the case is subject to review by the minister. He has discretionary power under section 4 of the act to grant or to refuse a certificate. In practice we have a conference with the officials of the department. We have decided that persons who are of enemy origin or extraction, such as Germans or Italians, shall not be naturalized and we do not naturalize them. We do not issue certificates of naturalization to enemy aliens. As regards all other persons who have made out clear cases, if it is found, after further investigation in the department and by the Royal Canadian Mounted Police, that they are not connected with, or come within the orbit of people associated with the enemies of the empire, we look into the merits of each and every case and, if they are of reasonably good character, issue certificates.

Mr. HANSON (York-Sunbury): Therefore certificates are being issued. How many were issued last year?

Mr. CASGRAIN: In 1940 the following persons were naturalized:

Under section 4	7,111
Under section 4, paragraph (5)	182
Under section 6	50
Under section 7, paragraph (2)	19
Section 8	5,902
Section 13, paragraph (4)	75
Section 13, paragraph (5)	3,886
Section 15, paragraph (2)	1
Total	17,226

Mr. GREEN: How many of those were of German or Italian origin, and how many of Japanese origin?

Mr. CASGRAIN: I have not that information here.

Mr. NEILL: Will the minister not say that a great many of those are not new naturalizations? There is a section of the act changing the three-year period to five years?

Mr. CASGRAIN: Yes.

Mr. GREEN: Are the judges hearing naturalization applications still under instructions to hear applicants of enemy origin?

Mr. CASGRAIN: They have the right to hear the cases.

Mr. GREEN: The special committee on the defence of Canada regulations which sat last year recommended to the government that that practice should be stopped, because it meant that aliens of enemy origin were appearing before these judges where the public could see them; the public had the idea that they were being naturalized, and this caused great dissatisfaction. The committee recommended that that practice should stop and that these applications should not be heard. Why has the government not followed the recommendation of its own committee? It was our understanding last year the government would do so.

Mr. CASGRAIN: That declaration I made in the house in July of last year on this very matter practically stopped the applications of such persons from coming to the courts. I have been told that on good authority.

Mr. HLYNKA: Would the minister advise the committee whether persons who owe for relief are refused naturalization on that account? I understand that some judges take that position and refuse to hear the case until the applicant pays back all the money he has drawn for relief. Is there anything in the act that requires these persons to pay back the money they owe for relief, be it provincial or local, before they can be naturalized?

Mr. CASGRAIN: I have not heard of such cases, and I am informed that there is nothing to that effect in the act.

Mr. GREEN: Has the practice been established of requiring an applicant for naturalization to produce some proof from his country of origin that they renounce all their claims against him before he can obtain naturalization in Canada?

Mr. CASGRAIN: I am afraid I do not understand the question.

Mr. GREEN: In other words, if a Japanese citizen applies for naturalization in Canada, must he produce a renunciation from the Japanese government of all further claims on him before he can obtain Canadian citizenship?

Mr. CASGRAIN: I am told that under the order in council passed in 1934 they have to produce a certificate of renunciation of their nationality.

Mr. GREEN: That is, a Japanese applicant would have to produce a certificate of renunciation from the Japanese government?

Mr. CASGRAIN: They have to produce a release from their government, the same as the people from Switzerland.

Mr. NEILL: It is not exactly like that. They have to produce a certificate from the Japanese government that they have done their military service or for some reason are not liable for it. They have to do their national war service before this release will be given. That is absolutely so; I looked it up recently.

Mr. CASGRAIN: I do not know exactly what it is, but they have to produce a certificate of release from their country before they can get a naturalization certificate from this country.

Mr. NEILL: And after all that is done, if they go back to Japan and reside there for three months they can regain their citizenship there.

Mr. CASGRAIN: That is not our fault.

Mr. GREEN: If that is the law in Canada, why is it that the Japanese government last year was allowed to take a census of the Japanese in Canada?

Mr. CASGRAIN: That would be a question of international law. I should not like to speak on that.

Mr. HANSON (York-Sunbury): Is it a fact that they did take the census?

Mr. QUELCH: I have found in western Canada that British subjects and Canadians may be called up for military service, while on the other hand foreigners who have resided in this country for a long time are exempt. It is high time we said that when foreigners come to this country and have resided here for five years, if they do not think this country is good enough to become citizens of it they should be deported, unless they can show good reason for not having taken out their papers. I do not wish it to be inferred that I am suggesting that all foreigners who have not taken out papers should be deported, because I know that many apply and are refused.

I have in mind two or three cases with which I am familiar. I sat in at the court hearing when they made application. Apparently at that time it was not considered advisable to grant those men naturalization papers, and therefore they were asked a series of questions that I believe the majority of our Canadians could not answer. For example, they were given a geography test that the majority of Canadians could not answer and were asked many questions of that kind, obviously with the intention of making it impossible for them to obtain papers. Consequently, when I say that all foreigners who have not taken out papers should be deported, I am not referring to those who have tried but who through no fault of their own, have been refused citizenship. It is, however, causing a great deal of resentment at present throughout the country when there are two or three families of British origin and two or three of foreign origin who have not taken out papers, and the sons of the British families are called up for military service, while the sons of the foreign families can jump in and take their jobs. That will not help recruiting. It is time we took a different attitude on this whole question of naturalization.

Item agreed to.

328. Companies branch, $45,000.

Mr. McNIVEN: Montreal and Toronto vie with each other for the financial leadership of Canada. By reason thereof, a large number of our national corporations have their head offices in those cities, or in the provinces of Ontario and Quebec. Most, if not all, of these corporations have their shares listed on the stock exchanges in Toronto or Montreal or from time to time offer their securities through brokers to the people of Canada. Response is made to that appeal from people all over Canada, and it is well that it should be so, that investments should be made in our national corporations from all parts of Canada. When this investment is made and something happens the holder of the security

and it becomes necessary to probate his estate, whether that estate be in Nova Scotia or British Columbia or on the prairies, it is necessary that letters of probate be taken out in the province in which the head office of that company is situated, and a permit must be obtained from the succession duties branch of that province before the securities can be disposed of. In a great many instances there are only a few shares of stock or a few bonds held. But the executors of the estate must go to the trouble and expense of obtaining letters probate and paying the succession duty, if any; yes, in some instances, double succession duties. The Bank Act makes specific provision for banks maintaining transfer agents in each province, so that if an individual is the holder of stocks or shares in a bank, or of any of its securities, at the time of his death, his executor may present those shares or bonds to the transfer agent of that province for registration, and he does not have to comply with the succession duty laws of the province in which the head office of the bank happens to be located.

My suggestion is that during the recess the minister might give favourable consideration to the introduction of an amendment to the Companies Act, similar in terms to the provision contained in the Bank Act, requiring companies listed on the stock exchanges and particularly those national companies which offer their securities to the people of Canada, to maintain transfer agents in each of the provinces in which their securities are held.

Mr. HANSON (York-Sunbury): The idea being that it shall be compulsory?

Mr. McNIVEN: Yes, most assuredly.

Mr. HANSON (York-Sunbury): I think it is open to any company to do that now under the Companies Act; I remember discussing the matter in 1934. The difficulty is that they must comply with the rules of the stock exchange, and I have run into that difficulty on many occasions. I sympathize with the hon. member in his desire, and I am all for it if it can be done.

Mr. McNIVEN: My recollection is that International Nickel, for example, maintains its head office somewhere in Ontario and has transfer offices in Montreal, New York and I think, Halifax. I know of several companies that maintain such transfer offices, and I think it would be a real service to the people of Canada if a simple amendment were introduced requiring those companies whose shares are listed on the stock exchange to maintain transfer offices in all the provinces of the dominion. I think it would help to promote unity in Canada, because many who seek advice as to whether or not they should invest in these national corporations are told what is the situation, and refrain from so doing. People all over Canada should be encouraged to invest in our national corporations, and a step in this direction would do a great deal to promote unity within this country by making these matters as simple as possible.

Mr. CASGRAIN: I thank the hon. member and the leader of the opposition for their remarks. The question which has been raised is one which I can assure the hon. member I shall look into carefully during the recess, in order to see what can be done to remedy the situation.

Mr. NEILL: I should like to add one more illustration to those already mentioned. The bonds of the Canadian National are widely held, and the head office of the company is in Montreal; while dominion government bonds are transferred here in Ottawa. Therefore an estate in Ontario holding these bonds would have to be put through both Ontario and Quebec, and I believe in Quebec the rate is charged not on the two or three hundred dollars worth of bonds that may be held but on the proportion of the whole estate.

Mr. HANSON (York-Sunbury): Of course that is not the law. The Supreme Court of Canada, in the case of the National Trust Company and the provincial treasurer of Quebec, decided that where the bonds were locally situated in the province where the testator resided, they did not have to pay succession duty in Quebec. But the authorities of the province of Quebec will not obey the judgment of the Supreme Court of Canada.

Mr. NEILL: Quebec will not sign the releases?

Mr. HANSON (York-Sunbury): That is so.

Mr. MacNICOL: May I ask if there is any revenue from the administration of this branch and, if so, whether the revenue is greater than the expenditure?

Mr. CASGRAIN: Under section 121 of the Companies Act, the number of returns filed for the fiscal year 1940-41 was 6,544, and the fees amounted to $63,484.70.

Item agreed to.

330. Trade marks division, $25,210.

Mr. MacNICOL: I would ask the same question in connection with this item; is the revenue greater than the expenditure? If the minister has not the information at hand, perhaps he could send it to me.

Mr. CASGRAIN: I have not the information at the moment.

Item agreed to.

331. Canada Temperance Act, $1,500.

Mr. HANSON (York-Sunbury): Why is this old friend still in the estimates? I thought it was dead and buried long ago.

Mr. CASGRAIN: This is still necessary. Only within the last few weeks I have received applications from different parts of the country to put into operation the law with regard to referendums.

Mr. NICHOLSON: Is this the proper item under which to take up the question of the reduction of the drink bill in Canada as a war-time measure?

Mr. CASGRAIN: I am sorry I cannot accommodate my hon. friend, because that does not come within the purview of my department.

Item agreed to.

334. Patent and copyright office. Patent division, $150,800.

Mr. MacNICOL: May I ask if the revenue obtained by this branch is greater than the expenditure necessary to maintain it?

Mr. CASGRAIN: The fees received last year amounted to $350,606.67, and therefore this branch is more than paying its way.

Item agreed to.

335. Patent and copyright office. Copyright and industrial designs division, $11,105.

Mr. ESLING: Will the minister during the recess consider an amendment to the Copyright Act to provide that societies registering copyrights by assignment must pay the same fee for registration that is charged to individuals. Corporations and concerns, such as the Canadian Performing Right Society, are permitted to register without paying any fee, while an individual must pay a fee of $1. I think if what I suggest were done, it would bring to this dominion, in this time of war, a revenue amounting to nearly a million dollars, and I believe that is an item worth noting.

Mr. CASGRAIN: I thank the hon. member for these remarks. I can assure him that I will look into the matter and if what he has suggested can be done, I shall be glad to adopt his suggestion.

Item agreed to.

336. Patent and copyright office. Patent record, $36,320.

Mr. MacNICOL: Do the revenues received from this publication exceed the cost?

Mr. CASGRAIN: It is not as good a paying proposition as the other, but we do not lose much money on it. This is a valuable service to engineers and others in industry.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

195. Customs and excise divisions. Inspection, investigation and audit services, $1,134,530.

Mr. FRASER (Peterborough West): Is there any commission paid to the collectors who take in the extra tax from the automobile companies?

Hon. C. W. G. GIBSON (Minister of National Revenue): No; there is no commission paid to collectors. This is all done by our own men who are on salary.

Item agreed to.

499. Income tax division. General administration, including authority to create positions and make appointments, within the division, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act—further amount required, $57,710.

Mr. COLDWELL: Just what does this item mean?

Mr. GIBSON: The income tax division does not come under the civil service commission; while the salaries are set by the commission, selections are made by the division.

Mr. COLDWELL: Are they made by competitive examination, on the basis of merit or upon recommendation?

Mr. GIBSON: People apply to the different district offices, and they are examined by the district inspector of income tax. He makes recommendations to the minister for appointments.

Mr. MacINNIS: How do applicants know that there are vacancies? Are the positions advertised, or is news of a vacancy carried by word of mouth, by someone already in the branch telling someone else that there is a vacancy?

Mr. GIBSON: No; it is not altogether that. We generally have a long list of applications on file, and when a vacancy occurs, it is filled from that list.

Mr. MacINNIS: How do names get on the list?

Mr. GIBSON: We generally have a number of applications coming in, and they are kept on file so that they can be used when a vacancy occurs.

Mr. MacNICOL: Why should there be an item in the main estimates for $433,000 and then this one in the supplementaries for $57,000? Why could not both amounts be in the one vote?

Mr. GIBSON: A great many changes have taken place since the time when the main estimates were drawn up. Income taxes may now be paid in monthly instalments, and this has created considerable additional work. The national defence tax has added to the duties of the branch, and now we have the new succession duties coming into force. All these require an increase in staff.

Mr. MacNICOL: Sometimes applicants for positions in the Department of National Revenue are not politically minded, and occasionally they make mistakes. A short time ago a man came to me and told me that he had applied for a position in the national revenue office in the district—I shall not mention the office because I do not want to comment upon any official in the service—and had been told that he should get a letter from the Liberal member. Not being politically minded, apparently he did not know whether I was a Liberal or a Conservative, and he came to me and told me the story. I want the minister to rise in his place and assure this committee that, so far as he is concerned, during war time partisanship will be eliminated entirely in making appointments to his department. This is particularly necessary when the department is not under the civil service commission.

Mr. GIBSON: My assurance is that we endeavour to get the best assistance we can. That is the one deciding factor in making appointments. We are having difficulty in getting people with the necessary qualifications, especially for the income tax division. This is especially true in the case of assessors because business concerns are picking up many of these men. No young man without special qualifications who is eligible for army service is taken on.

Mr. MacNICOL: A man's political persuasion is not referred to when he makes an application?

Mr. GIBSON: Not at all.

Mr. MacNICOL: Then I ask the minister to instruct his officials not to ask applicants to get a letter from the Liberal member of parliament.

Mr. GIBSON: That complaint has been made before, and I have already given those instructions.

Item agreed to.

DEPARTMENT OF LABOUR

99. Departmental administration, $134,543.
101. Combines Investigation Act, $45,315.

Mr. MacNICOL: Mr. Chairman, since this item relates to combines which are investigated under the Department of Labour, I should like to bring to the minister's attention the experience of a gentleman whom I have known for years, a man of very high character, whose story is this, and I have implicit confidence in his integrity. He told me that he had been an employee of a company manufacturing electrical equipment. Having had a lot of experience in salesmanship myself and having engaged salesmen, in my judgment this gentleman would be one of the best salesmen who could be employed by anybody. He worked for this electrical equipment company and was so accomplished in selling electrical equipment that another company obtained his services, then another, and then a fourth company. That is the way the story is told me. In due course, it is alleged, these various companies got together and decided how this or that contract was to go; that company No. 1 for instance, was to get, say, a contract for "X" specifications, the other companies, it is alleged, laying off going after that particular order. This man, being such an excellent salesman and so capable, apparently was able to get all kinds of orders, and he was given orders that he was not supposed to take, with the result that in the end, it is alleged these companies agreed among themselves not to employ him, and he was laid off and has not been able to obtain a position since that time. In my judgment that is a serious matter. The question I would ask the minister is this: If the gentleman to whom I refer will submit to the department a bona fide statement, supported by evidence, would this be a matter for investigation under the Combines Investigation Act?

Hon. N. A. McLARTY (Minister of Labour): Mr. Chairman, I find it a little unusual that a man cannot secure employment because he is too efficient, but the circumstances outlined by the hon. member for Davenport (Mr. MacNicol) are, I think, such as would justify a preliminary investigation under the combines act if the facts as alleged are correct, and appropriate action can be taken.

Mr. BRADETTE: Mr. Chairman, I presume I am in order in making a few observations on a matter which was mentioned in the house last fall by the hon. member for Cape Breton South (Mr. Gillis), dealing with gold mining and silicosis in my section of the

country. I shall deal with the matter, not in a critical way but rather in a constructive and national way. Since that time I have had the pleasure of meeting the hon. member for Cape Breton South personally, and no one can doubt his sincerity of purpose, also his profound knowledge of the workers' problems and trade union interests throughout Canada.

Last fall he made mention—it was not an accusation—of silicosis in northern Ontario. A few weeks ago he made another trip to the gold mining section of northern Ontario. Only last Monday, the 9th of this month, the hon. member stated, and rightly so, that he knew conditions in the coal mining industry in his own constituency because he represented a coal mining riding. The same remark should apply to myself with reference to gold mining, for I represent a gold mining section, and it is my duty to correct a misapprehension that the hon. member may have left on the minds of the Canadian people by his remarks on silicosis.

I do not think on his last trip the hon. gentleman visited the Porcupine section. He was at Kirkland Lake, and he was quoted by the *Northern News* of May 27 as having made the statement with reference to the silicosis situation, "You have to stir up trouble to get anything done." Of course the word "trouble" may be interpreted in several ways. I do not want to tell any member of parliament or any labour leader who visits my section of the country or anybody else what their line of behaviour should be, but it would be fine if some of the so-called labour leaders, because some are real and some are not, would see the management of Canada's nationally known mines. They will find them alert and progressive. I have in mind a labour leader whose name is well known in every section of Canada who made it a point to see the management of some of our mines in this country during his last visit, and I believe the interviews and conversations he had were beneficial both to the labour leader and to the mine management.

I am going to read to the committee a letter that was issued by the Ontario Mining Association in February, 1941. If my information is correct, this letter was sent to every member of parliament. It deals with the problem of silicosis, and I believe it is worth while putting this letter on *Hansard*. I have wanted to speak on this matter before, but I had to wait for the department to get in, and always it seemed I waited a little too long. I repeat, however, I believe it is my duty for the welfare of the workers, for the good of labour unionism and of the gold mining industry itself that I should bring this matter before the committee in an absolutely unbiased way. I impute no motives to anyone, and certainly none to the hon. member for Cape Breton South. The letter dated February 15, 1941, reads:

Dear Sir:

In the House of Commons Debates, as published for November 18, 1940, Mr. Clarence Gillis (Cape Breton South) is recorded on pages 180 and 181 thereof as having made certain remarks relative to—

Mr. GILLIS: I rise to a point of order. Is it permissible for the hon. member to read into the records of this house a letter with reference to statements made by a member of the house? I observed your ruling last night, Mr. Chairman, when the hon. member for Mackenzie was speaking, and that is why I raise my point of order now.

The CHAIRMAN: It is not in order for an hon. member to read from a letter a criticism of any statement that has been made by a member of the house. A brief reference to such letter may be made, or a member may assume as his own a statement that has been made by others. Paragraph 306 of Beauchesne's Parliamentary Rules and Forms states:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Mr. BRADETTE: I certainly wish to abide by the ruling, but I am astonished to hear it. I have not spoken much during the present session, but I yet have to be accused of reading speeches. I have never done it, over a period of sixteen years. I wish to place on record—

The CHAIRMAN: The point of order was, not that the hon. member was reading his speech, but, if I understood rightly, that he was reading from a private letter, written by somebody outside the house, commenting upon and criticizing a statement made by an hon. member. That is out of order.

Mr. BRADETTE: Then I shall read a brief dealing with the facts as far as silicosis is concerned, and dealing with the gold-mining industry of northern Ontario, without making any comment upon the statement made by the hon. member for Cape Breton South. I hope that in this I shall be in order.

The CHAIRMAN: The hon. gentleman will understand that my ruling does not prevent him from commenting, on his own

responsibility, upon a statement made by any other hon. member. But it is not permissible to read a comment or a criticism made by somebody outside the house.

Mr. BRADETTE: I am going now to give the facts, answering some of the arguments made by the hon. member last fall. I believe I shall be in order in making these statements on my own responsibility, as a citizen of northern Ontario who has lived in that gold-mining section for the last thirty-four years, I know something about the gold-mining activities dealing with the problem of silicosis.

The Workmen's Compensation Act of Ontario was amended on April 8, 1926, to include silicosis as a compensatable disease.

Since that time, the Ontario mining industry has paid, solely in connection with silicosis, the following amounts to the workmen's compensation board:

(a) Paid for silicosis claims, completed and active	$3,843,198 80
(b) Paid for administrative expenses and for referee board	169,756 91
(c) Paid for X-ray examination of miners	566,388 59
(d) Assessment for silicosis for 1940	534,911 36
Total silicosis costs to Ontario mining industry to end of 1940	$5,114,255 66

To the end of 1939, 462 claims for silicosis were allowed by the workmen's compensation board. The sums paid into the silicosis fund as outlined above indicate the extent to which benefits have been provided for the mine workers and their dependents on account of silicosis.

No industry could face such a staggering burden without making a complete study of the situation with a view to all possible improvements. The Ontario mining industry has taken the following steps:

The Ontario Mining association has a very active silicosis committee which has been constantly studying the problem and which has actively joined in research work conducted under other auspices. This committee employs two engineers who investigate conditions at the mines and who make recommendations to the managers for improvements in mining practice to effect the lowering of silicosis incidence. This has cost the mining industry $58,000.

The McIntyre Porcupine mine, at Porcupine, has been exceedingly active in research work in connection with silicosis. Their investigators, the late J. J. Denny and Doctor W. D. Robson, made important discoveries indicating the preventive effect and possible curative effect, of aluminum dust on silicosis. They have actively carried on this work for many years and for a great part of this time in conjunction with the Banting institute. This company has not published the cost of this work, but it cannot have been less than $70,000.

[The Chairman.]

Three years ago I had the great honour of meeting the late Sir Frederick Banting, who was spending some time in the Porcupine section and also in the Kirkland section in order to study silicosis right on the ground, and make reports. Even at that time the mining industry believed they had found an aluminum dust which would prevent silicosis to a very large extent. I am sorry, however, to have to state that it was not found to be applicable; it was not a remedy for that disease but laboratory work is still going on.

To enable the Banting institute to study general silicosis problems and to cooperate with the McIntyre mine in the study of the effects of aluminum dust on silicosis, the Ontario Mining association has supplied them with funds each year as requested. These investigations were made by members of the staff of the Banting institute, particularly Doctor D. A. Irwin, under the personal direction of Sir Frederick Banting. Contributions to the Banting institute up to date have amounted to $61,000.

In 1939, the mines of Porcupine supplied funds for the setting up of a clinic in Timmins for experimental treatment of men who had contracted silicosis. The matter was handled by the Ontario department of health and the workmen's compensation board. The work is being conducted under the direction of doctors from the Queen Alexandra sanatorium, London, Ontario. While more funds will be supplied as needed, the first cost to the Porcupine mines was $25,000.

In 1940, the silicosis committee suggested a still further investigation of one aspect of the effect of aluminum dust on a non-occupational disease, by the doctors of the Queen Alexandra sanatorium, London, Ontario, and the Ontario Mining association granted for this purpose the sum of $4,000.

It was early recognized that lessening the dust content of mine air would automatically lessen the incidence of silicosis. Studies for the furtherance of this object have been carried on by many mines and by the silicosis committee. The underground practice in ventilation, drilling, blasting, et cetera, has been improved immeasurably since 1926, and constant further improvements are being sought. This has been the major effort of the industry, and while figures cannot be presented for this, we know that these improvements have cost the industry many hundreds of thousands of dollars.

I also know personally, Mr. Chairman, that at the present time the mine managements are trying to diamond-drill every one of their holes, every one of their shafts, hoping that by that means they will do away with the hard-rock dust which is responsible for silicosis.

I have seen some of these experiments, and there are great hopes in all the hard-rock sections of this country that something will come out of these activities in helping the fight against that terrible disease.

The workmen's compensation board of Ontario maintains four X-ray examination stations in the principal mining centres. These are staffed by doctors and mechanicians who have become real experts in this work. Well over 25,000 X-ray examinations are made every year in these stations. All the X-ray films are studied carefully and filed for record, each workman's films being kept in a separate file.

When the films disclose a disabling silicotic condition, the workman in question is advised by the examining doctor to file a claim for compensation. A very large proportion of the claims are made in this way. Shortly after the claim is made, this man appears before a referee board—of three doctors—which gives him a thorough physical examination and examines his X-ray films and the records of same which have been kept for this purpose. The workmen's compensation board either grants or disallows the claim depending upon the finding of this referee board. Should a claim be disallowed, it is subject to review from time to time as the case may warrant.

The referee board is composed of three doctors from the Ontario department of health. The members of this referee board are all specialists on lung diseases. They have been functioning since 1927 and have acquired great skill in interpretation of the X-ray films in correlation to the physical condition of the man himself.

Workmen are examined at the X-ray stations before being permitted to work in dust-hazard occupations. Only men free of lung and chest disorders can get work cards. Thereafter they are examined yearly, and should they begin to show signs of silicosis they are examined every six months, or oftener, as the examining doctor may decide. Each man's accumulated X-ray films and the records of same are available to the referee board when a claim for silicosis compensation is made on his behalf.

Every device known to be useful for the purpose has been employed on this work. The members of the referee board and the examining doctors have maintained constant contact with known authorities on lung diseases. Nowhere on this continent have more complete facilities been set up for this purpose than in Ontario. This is evidenced by the stream of inquiries received from all over the world.

Comparisons on a question of such importance are always odious. However, I listened attentively to the arguments of the hon. member for Cape Breton South wherein he stated, and no doubt sincerely, that Nova Scotia is more advanced in the treatment of silicosis than we are in Ontario. If that is so, it is the duty of the department of health of Ontario and of the mining interests as well to study the problem as it affects Nova Scotia. I would go further. We are coming to the stage where we are going to have more and more hard-rock mining, and I think some credit should be given the hon. member for bringing up the question, because it is undoubtedly becoming increasingly a national problem. There is hard-rock mining in all Canada to-day with the exception of Prince Edward Island—in eight of the provinces—and wherever you have hard-rock mining you are bound to have silicosis which, as hon. members know, is practically incurable.

We have made wonderful strides with tuberculosis in the last twenty-five years, and although we have done something in grappling with silicosis we have been unable to find any permanent cure. The problem is becoming so grave that the time is not far distant when the federal authorities, through the Department of National Health, will have to undertake the study of it as a national matter. They have the necessary machinery in the national research council, and they could cooperate with the different provinces in which miners are occupied in hard-rock mining. I leave that thought with the government, and I urge upon them the importance of trying to find some means of dealing with this question.

The hon. member mentioned an individual case. I know of a few that are very sad indeed. There are times when these men, although they are properly taken care of, although they are given hospitalization by the management and financial help through the compensation board, tend to get impatient. They believe that sufficient progress is not being made in the treatment of their cases. There may have been some acceleration. I do not want the committee to be under the impression that Ontario particularly and the gold-mining industry as well have not been doing their utmost to solve the problem. The solution of the problem would be welcomed

by the workers, and also certainly by the mine managements. I make this statement in no spirit of antagonism.

I know it is hardly proper at this late hour to make any long speeches, but I have not inflicted myself upon the house to any extent this session, and I wish to say a few words on the question of labour organization and unionism.

I have always been in favour of the proper organization of labour. I have always advocated the greatest cooperation between capital and labour, and I believe that so far as our section of the country is concerned, there has been cooperation between capital and labour to an admirable extent. But even in our own section of the country—and I say this in all sincerity—men who would like to belong to labour unions are baffled. They do not know where to go. We have some wonderful labour leaders, such as the Moshers, the Drapers, the Charpentiers, the Meikles, and others who have had at heart the welfare of the workers, but in my opinion what labour unionism stands in need of to-day is house-cleaning. In my own section we have the spectacle, in one mine, of three or four different kinds of unions trying to establish leadership, and there is rivalry among them. I want labour to have its full share of the comforts of life; but, I repeat, our workers are baffled. They do not know whether it is for membership fees that they are approached or because one particular section desires to get the upper hand over the rest so as to hold the whip-hand over the other sections. I appeal to all labour leaders in Canada; it is not sufficient to talk of union; you must unite in your own ranks.

Speaking of labour leadership, I have never been in favour of class representation. I represent tens of thousands of gold miners, but I wish to see the problem studied from all its angles—management, administration, labour, farmers, bushmen, professional men, and everything else. The same applies to the sulphite and newsprint industry in my constituency.

As regards most of the miners and workers in northern Ontario, the section of the country I know best, I can say that they are not socialists, and the moment any labour organization or any labour leader tries to tie up the principles of socialism with unionism, there is a profound reaction among the workers. They want to know why an attempt is being made to tie them up with socialism. The labour leaders will experience the same antagonistic reaction if they advocated their belonging to the Liberal party, or the Conservative party, or the Social Credit group, or the Cooperative Commonwealth Federation? Labour unionism has a right to be represented in this house or any legislature in Canada, but I make this statement on behalf of real labour organization, that it should be divorced from any outside "ism". It is heavy enough and important enough to stand by itself. There are terrific conflicts going on at the present time within the labour leadership, and to prove the truth of this statement I should like to quote a few passages from an article that appeared in the *Canadian Unionist* in February, 1941—and no one can doubt the national spirit of that publication. This is what it says:

> Canadian labour is far from being ready to take advantage of the opportunities which to-morrow is almost certain to bring. It is just as well to face the situation frankly now while there is time to do something about it, for in a year or two we are either going to drift before the historic forces now bearing down upon us or we are going to use those forces to direct society toward a way of life which will be worthy of human beings.
>
> Labour is taking a leading part in Great Britain in giving direction to this better way of life. In Canada, however, labour is by no means ready for the task which this involves.

This article goes on to say there is no unity within the ranks of labour. But the author of the article, Mr. Lee McIntyre, makes the same mistake as do most of the labour unions, namely, that he relies on socialism as a panacea for all the workers' problems. I have no quarrel with socialism, although personally I feel that it borders on utopianism, or with the representatives of that philosophy in Canada; but I do say emphatically that when it comes to applying that principle to our section of the country, it is absolutely repugnant not only to the mine owners but to the workers themselves, because these workers know that there are different blueprints of socialism, and there is no agreement, and absolute disunity in the manner of its application. Moreover, most of our miners become property owners. They own their own homes in many instances. The housing commission will bear me out in that statement. The business of gold-mining in our country could never have been developed to the stage it has reached to-day had it been carried on under a socialistic system or governmental regimentation.

I believe in governmental regulations, but I suggest that in many cases of strikes the trouble is not so much dissatisfaction with the management of certain industries as dissatisfaction among the workers with leadership which is given by so-called labour leaders. I wish to pay this compliment to many speeches I have heard on labour, that they were constructive, logical and practical; but the same

cannot be said of the views of some so-called labour leaders we have in our section of the country. Some are out-and-out communists, who set out to destroy the work of the Moshers, the Drapers and others. They do not want a solution of the problem, and it is up to our national labour leaders to see that Canadian workers are properly led. We have also the sad spectacle of agitators endeavouring to destroy Canadian unionism, and I speak on this question as a working man; for I spent my youth in connection with railway construction, farming and lumbering work. In my day the trouble was not as pronounced as it is at the present time, but I have seen a good deal of it in the Porcupine area and in northern Quebec. I have seen people who have never had at heart the solution of the workers' problems keeping up this sort of agitation. In my opinion, there is need of house-cleaning so far as labour unionism is concerned, and the practical sense of the workers realizes and feels strongly about that situation.

That is all I wish to say at the moment. I could enlarge greatly on that problem. I want to thank the committee for giving me this opportunity of stating to a limited extent the problem we have in our section of the country. I could cite case after case of big mines which have done everything possible for their workers—life insurance, bonuses at Christmas, improvement of working conditions. The situation is not perfect yet, and it is the duty of the workers themselves to do all they can to work with the management for further improvement.

The other day I had the good fortune to visit the Sault Ste. Marie section and was speaking with some labour leaders of the Algoma Steel corporation, and I found there that collective bargaining was working to perfection. I found a union-management cooperation committee and one of the managers told me, "This thing has not only been good for the workers; it has been a wonderful institution for the management"; showing that in that big steel industry proper leadership and organization will do wonders to help labour and industry to work together to their mutual benefit. Labour has passed the diaper stage; it has taken on heavier responsibilities the same as industry has. We have some Bourbons among industrialists, and we certainly have a few of them among labour leaders also. This is not a time to play into the hands of any subversive or mushroom organization, anything that would be a bar to the efforts of our loyal workers in this country, and the closest cooperation possible between capital and labour, and this for the welfare and progress of Canada.

Mr. GILLIS: I am sorry I had to object to the hon. member's reading of that letter. I did so because that letter was circulated by the Ontario Mining association to every hon. member of this house; they were familiar with the statements in that letter, and we on this side of the house are religiously held to that rule. I have no objection to the hon. member making his own argument, but I did not think he could bring in the analysis of the mining association. I did not intend to raise this matter at this time, although I did intend to speak of it on the estimates of the Minister of Pensions and National Health.

I am very much impressed by the fair and reasonable way that the hon. member made his presentation. That leads me to believe he is interested in the question, and the fact that he has raised it here is, I think, a vindication of my statement that if the working people of this country are to obtain redress of their problems, they must of necessity bring them to the notice of those who can deal with them. That is what I meant when I told the workers in northern Ontario that until they became vocal and could bring their needs, desires and aspirations in an intelligent way through an organization to the people in authority, no attention would be paid to those problems.

The only comment I have to make with reference to that letter is this: I accept it from the mining association because it is the kind of letter I would expect them to write. I am not discounting the activities of the government of Ontario with respect to finding a solution for the problem of silicosis. I have a fair conception of the medical difficulties surrounding that question. They are perhaps doing the best they can with the machinery they have. I am not discounting the work done by the Banting institute. But I would say this in reference to the figures presented by the mining association. They say, "We, the Ontario Mining Association, have paid this amount of money." I say that the Ontario Mining Association did not pay any money. The man who goes under the ground and gets the ore that creates the wealth of those who live on that wealth within the structure of that organization that functions above ground paid the bill 100 per cent.

Mr. BRADETTE: That applies to all industry.

Mr. GILLIS: Exactly. The first charge on any industry when you are negotiating a wage agreement is compensation, and the miners

of Ontario will find that out when they begin to sign collective agreements with that association, which I am reasonably sure they will be doing in the near future. In the final analysis the men pay the bill, but the mining association takes the credit.

There is one statement they make here which I am not going to say is wrong; for we have no access to the facts and figures, and we must accept the statement they make. They say that in the settlement of silicosis claims they have paid out the sum of $3,843,-198.80, and then in the next paragraph they say:

> To the end of 1939, 462 claims for silicosis were allowed by the workmen's compensation board. The sums paid into the silicosis fund as outlined above indicate the extent to which benefits have been provided for the mine workers and their dependents on account of silicosis.

If 462 claims cost the mining association or the workmen's compensation board $3,843,000, that would work out at about $81,000 a claim, and I cannot see any individual claim settled by the compensation board costing $81,000.

Mr. BRADETTE: The hon. member could easily get all the statistics he wants from the workmen's compensation board as to the money paid in individual cases. It certainly never meant $80,000 to each individual case.

Mr. GILLIS: Exactly. I say the statement can be questioned on the face of it. That letter in my opinion did not refute anything I said. I brought this matter to the attention of the government for that section of the country on account of the fact that at a convention of unions in Toronto about a year ago I met one of the gold-miners from Kirkland Lake who brought to my attention the fact that I pointed out here. He handed me a copy of the last will and testament of a man employed for a considerable time in the mines of that section who developed silicosis, and had considerable difficulty in the establishment of his claim. They ruled that he did not have silicosis, and in order to protect his family after his death he willed his body to his friend in order that an autopsy might be performed and his family protected in the event of silicosis being diagnosed. I thought that was a peculiar situation. Our situation in Nova Scotia is much better than that because we do not have to pass away to establish our claim. That man has since died; an autopsy was performed some three months ago, but to date there is not any report as to the cause of death. That is the information I got two weeks ago in Kirkland Lake.

I recognize silicosis as a national problem. When I find in the Department of Pensions and National Health an appropriation being made for industrial hygiene I think that includes research work into industrial diseases, and the minister agrees. Therefore I bring the matter up here.

I had the pleasure of an invitation to a miners' union that was in process of formation at that time. They asked me, not as a politician but as a unionist with considerable experience in the legitimate trades union movement, to give them the benefit of my experience in laying out a proper organization, free from the subversive elements described by my hon. friend. I made it clear that I was not there representing any political party. I firmly believe, and instructed them so, that in order to get anywhere politically in the labour movement you must first ground yourself in your economic organization and set up your trade unions. Then they will judge for themselves where they are going politically.

One of the first and fundamental things they have to do is to form a collective bargaining organization. I discussed these matters with the men themselves. They have no organization that is functioning; they have no contract with their employers, no understanding and no recognition; they have not the necessary machinery to deal with compensation boards and provincial governments. They told me their stories individually, and with all due respect to the efforts of the people of Ontario, that story was disturbing. For example, when they are X-rayed and silicosis is diagnosed, even in the incipient stages, they are taken above ground and given work, and then X-rayed every four, five or six months. They may be kept working above ground for a year, two years or five years, but in the latter stages silicosis becomes tuberculosis. If, after five or six years of service, a tubercular condition develops, it is said that they are suffering from tuberculosis, regardless of the fact that it was caused by silicosis, and when they die, their families receive no compensation.

I think my hon. friend will agree that round these mines there are many men who have been brought above ground. They are not paid compensation; they are given work above ground in order that the condition may have a chance to clear up. It is, however, something that does not clear up very easily. When that silicate gets into the lungs it rots them; in the end the diagnosis is tuberculosis, and many cases are ruled out in that way. I also met many men in that section who, after working in the mines for perhaps twenty years and reaching the age of forty, when they began to go down hill, were laid off, not because they were unable to work, but

because they had reached the point where they might be more susceptible to this disease. I am sure my hon. friend will agree with that.

Mr. BRADETTE: On the contrary, I know some men over seventy years of age who are still working underground. They certainly were not let out at the age of forty.

Mr. GILLIS: I do not deny that, but I am only dealing with those I met. These men of seventy years of age did not come to see me, and I have no knowledge of them. I did meet many men of forty or forty-two years of age who had no work, who apparently were considered unemployable.

Mr. GRANT: Were they dead?

Mr. GILLIS: No; they were not dead.

Mr. BRADETTE: But they received some compensation.

Mr. GILLIS: No; the hon. gentleman misunderstands what I am saying. For the moment I am referring, not to silicosis but to men who have been laid off because they have reached the age of forty or so. In that section of the country a man cannot get a job if he is forty years of age.

Mr. BRADETTE: Not if he just applies for one; but if he has been working, he is not laid off then.

Mr. GILLIS: After they pass the age of forty, many of them are let out. I met many men in Timmins and Kirkland Lake who told me that story. I think if you check in any of these mining sections you will find perhaps two or three hundred men working in and around these mines who have been diagnosed as suffering from silicosis but who have not reached the point where they have to be laid off. Their fear is that when the silicosis reaches a certain stage and tuberclosis develops, they will not be eligible for compensation. That is the story which was told to me, and that is why I bring it up here. That is why I asked the Minister of Pensions and National Health to use the machinery at his disposal in order to look into this question, to augment the work already being done. If I am wrong in what I say, someone should prove me wrong; if the men in that section are wrong, they should be given that assurance, but if the system at present followed in that section of the country is continued—

Mr. MACKENZIE (Vancouver Centre): Did I not send my hon. friend a thorough report on this whole question last year?

Mr. GILLIS: Yes; I was coming to that. I wish to pay tribute to the Minister of Pensions and National Health, because, after the matter was raised in this house, I received enough information from him to give me a pretty fair education in it.

Mr. BRADETTE: The hon. gentleman could very easily have obtained that information from me, because in that part of the country we have been living with this problem of silicosis for many years.

The CHAIRMAN: Order, please. I have allowed this discussion to continue because I thought it had to do with industrial disputes, which come under the Department of Labour. I have had serious doubts, however, as to the propriety of this debate under these items. Now that the hon. gentleman has spoken at this length, I would not wish to curtail his remarks unduly, but I do not think I should permit this discussion to continue very much longer.

Mr. GILLIS: I never would have raised the question if I had not been brought into it.

The CHAIRMAN: I appreciate that.

Mr. GILLIS: I have no intention of continuing the discussion. I should, however, like to pay tribute to the Minister of Pensions and National Health, because he did not let the matter drop after it was raised here. He got in touch with many experts in Ontario and sent me copies of all the reports he received from them, and as a result I obtained a fair education with regard to this question. I am now quite satisfied to let the matter rest, because it is receiving some attention, and I believe we shall get somewhere with it. I am glad that the hon. member for Cochrane has become interested in this question, since he lives in that section of the country.

Mr. BRADETTE: The hon. member must realize that I have been interested in it for a long time.

Mr. MacINNIS: But the hon. member never raised it in this house.

Mr. BRADETTE: Perhaps I am just as conversant with this problem as anyone else in this house.

Mr. GILLIS: While I am on my feet, there are one or two matters I should like to bring to the attention of the minister. I wish to support what has been said with respect to the question of organization in that section of the country. I know that for a number of years the miners in the gold-mining districts have been endeavouring to build up an organization, and have met with considerable opposition on the part of the operators. That organization made some progress within the last few years, but I believe the wrong elements got into it and did much to discredit it. Last

November, however, I had the pleasure of visiting that part of the country; I was there also two weeks ago, and to-day in northern Ontario they have a legitimate organization, sensibly and intelligently led, with ninety-nine per cent of the men heading the organization employed in the gold-mining industry and living in that area. They have made a great deal of progress during the last few months. I believe the minister would be well advised if he got in touch with some of these men who are making an effort to establish legitimate unions there. With respect to strikes, sabotage, and the wrong kind of people leading these unions, just so long as the operators remain unaware of their own interests and those of the country and continue their opposition to signing agreements, establishing satisfactory working conditions and cooperating with committees of their employees, then just so long will the door be left wide open to every subversive element to play upon the fact that in this country we have no industrial democracy; and just so long shall we continue to pave the way for the trouble we are experiencing in many sections of industry to-day.

That is all I have to say on this point. I believe the minister is fully aware of these matters, and I hope that within the near future he will utilize his department in an effort to bring about the results I have suggested.

I should like to bring to his attention a matter that came to me in a brief from Sydney, Nova Scotia; possibly the minister has received a copy of the brief as well. It is from the Sydney organization of carpenters and joiners, and I should like to read one paragraph:

> We have been employed in the construction of huts in this district for the Department of National Defence, to accommodate the troops stationed here, in some instances 50 per cent of those employed were men in uniform, while a large number of local mechanics including carpenters, painters and labourers could not secure employment.

They go on to give more specific information. I wish to know if the labour end of this national defence work, especially with respect to wages, is under the Department of Labour. Apparently this was a unionized project, and these men object to men in uniform receiving $1.30 a day being used on construction work.

The CHAIRMAN: This discussion would properly come under item 102. Shall we take that item with this one?

Mr. McLARTY: We shall probably confuse matters if we take too many items at once. I would sooner clean them up as we go along.

[Mr. Gillis.]

Perhaps the hon. member would be willing to let his remarks stand until we reach that item.

Mr. GILLIS: I am quite satisfied.

Mr. COLDWELL: How many men engaged in the mining industry in Canada were killed, injured or disabled by disease during 1940?

Mr. McLARTY: I am sure we would not have that information in the Department of Labour.

Mr. COLDWELL: Where would it be?

Mr. McLARTY: In the Department of Pensions and National Health. I know that the question of silicosis would be under that department. It is possible that we have those statistics, but I should be surprised.

Mr. COLDWELL: I was reading an article dealing with the diseases which affect miners, and this quoted figures given out by the British ministry of labour. The number of killed, injured or disabled by disease between 1928 and 1937 is given as 1,602,497, and the comment in it is that it is a startling figure. I was wondering whether we had comparable figures so that we might be able to see how we were progressing in meeting the diseases referred to by the hon. member for Cochrane (Mr. Bradette) and others.

Mr. McLARTY: I imagine that the only way we could obtain those figures would be from the workmen's compensation boards of the various provinces.

Mr. COLDWELL: We shall take it up with the Minister of Pensions and National Health a little later.

Mr. MacINNIS: Perhaps this would be the time to have a statement from the minister on the general labour situation. During the last few days the labour situation has received a great deal of publicity. That eminently respectable and utterly reactionary organization, the Canadian Manufacturers' association, has been holding a convention in the congenial atmosphere of the Seigniory club at Lucerne, Quebec. They appear to be greatly disturbed over the activities of less fortunate people who are not able to hold conventions at the Seigniory club and enjoy its many pleasant and comfortable facilities. The press tells us that their three-day convention was largely taken up with labour questions, not with the ordinary business of the Canadian Manufacturers' association; not in discussing ways and means of improving production and the efficiency of their industries. They ended the convention by sending a long telegram, a most amazing telegram, to the Prime Minister. They asked the government to intern

everybody who might interfere with the Canadian Manufacturers' association doing as they jolly well pleased. Those are not the words I should like to use, but parliamentary procedure compels me to use them. There are certain words in this telegram which all trade unionists should enlarge and frame, for they compose the best illustration of unmitigated gall that I have seen in the last twenty-five years.

Mr. MACKENZIE (Vancouver Centre): I understand there is consent that we sit until twelve o'clock, and therefore a formal motion will not be necessary.

Mr. MacINNIS: This telegram is printed in the Ottawa *Journal* of to-day, and it reads in part:

> Second, that you immediately make these laws effective by the internment, not only of those who are guilty of inciting to illegal strikes and generally doing their utmost to create discontent and unrest, but also the disseminators of subversive propaganda, written or oral, whose object is to obtain control so as to degrade decent unionism, sabotage the efforts of industry and play into the hands of our enemies to the end that our war effort may fail.

I refer particularly to the words "to degrade decent unionism." How long since has the Canadian Manufacturers' association come to the conclusion that there was any such thing as decent unionism? If unionism is decent, why have they opposed unionism of every kind right up to this very minute?

Mr. MacNICOL: Oh, no; do not make it so all-inclusive. I was in business myself.

Mr. MacINNIS: Let us be quite clear on this.

The CHAIRMAN: I fail to see how the opinion of the Canadian Manufacturers' association on unionism would come under this item. The opinions of the Canadian Manufacturers' association certainly would not come within the ambit of the administration of the department, and therefore I cannot see that this debate is in order.

Mr. MacINNIS: The opinion of the Canadian Manufacturers' association is of the utmost importance in dealing with the labour question because, when the opinions of that organization clash with the opinions of the workers who are attempting to organize or who are organized, trouble is created, and the Department of Labour is called in to solve the difficulty in one way or another. Consequently the opinion of such a body as the Canadian Manufacturers' association or any labour organization, is of importance in a discussion of this item, the administration of the Department of Labour.

The CHAIRMAN: Except that this is not a public forum in the meaning generally given to that phrase. This discussion might be in order when the house was discussing labour legislation, when it was discussing underlying principles which should be laid down. But when we are confronted with estimates or the administration of the Department of Labour, I would say that it is not in order to discuss all kinds of labour questions and opinions.

Mr. MacINNIS: I think, Mr. Chairman, you are trying to inject something entirely new into the discussions in this house. If this house is not a forum for the discussion and airing of those problems which confront us from day to day, we ought to close the house and go home, for there is nothing here for us to do.

The CHAIRMAN: I am relying on standing order 58, subsection 2, which I have quoted time and again and which says that in committee the discussion must be strictly relevant to the item under consideration. The hon. gentleman is discussing general labour policies. General labour policies may be in order when discussing legislation but are not in order on a specific item of administration expenditures in committee of supply.

Mr. MacINNIS: But, Mr. Chairman, this is not a specific item; it is a general item of departmental administration expenditures, and if we cannot discuss on this general item the whole work of the department which it covers, where in the world and on what item can we discuss it?

The CHAIRMAN: I have mentioned twice that general labour conditions and general labour problems or policies may be discussed when legislation is before the house, and otherwise perhaps, but certainly not on a specific item of the estimates. The discussion on a specific item of the estimates must be relevant to that particular item, and I must rule that the hon. member is out of order.

Mr. MACKENZIE (Vancouver Centre): With the utmost respect for the Chair I would submit that on an item for departmental administration in any department it is absolutely in order to discuss questions of general policy affecting that department. I think it has always been the practice on items of general administration, whether concerning the labour department or the health department or any other department, to have a general discussion on questions of policy respecting the department under review, and I think for the sake of progress in getting along with the business of the house it would be far better to allow hon. members to have a full and free discussion on this particular item.

The CHAIRMAN: I have always seen a general discussion on an administrative item of a department take place by unanimous consent. I must say with all due respect for the minister's opinion that it is not done without unanimous consent, and by standing order 58 it would be out of order to discuss general policies on the item that is before the committee, except by unanimous consent.

Mr. BLACKMORE: With all deference to yourself, Mr. Chairman, I think the hon. member for Vancouver East (Mr. MacInnis) is quite in order, and I submit that it is also in the interests of progress that he should be allowed to continue his discussion.

Mr. McLARTY: I do not believe, Mr. Chairman, that there would be the slightest difficulty in obtaining the unanimous consent of this committee.

The CHAIRMAN: Is it the pleasure of this committee that the hon. member shall have unanimous consent to proceed with his remarks?

Mr. COLDWELL: I was going to suggest respectfully to you, sir, that we do not require unanimous consent. As the Minister of Pensions has just stated, under the general administration item all matters concerning the department which come under the supervision of the minister should be open for discussion, and we should not create any precedent here and now by giving unanimous consent, because we do not require it. There is one place and one place only in this parliament where private members are supreme, namely, in supply when discussing the estimates. This is his majesty's purse, and the age-old right of members of parliament is to decide to what extent his majesty's purse shall be filled. That is what we are doing now, and I certainly wish to protest against any precedent being established that would curtail the right of this parliament to discuss any matters in connection with the administration of the minister's department, the minister's salary, or any question of general policy.

The CHAIRMAN: The house itself has established rules of procedure, and standing order 58, subsection 2, says that discussion in committee must be strictly relevant to the item under discussion, and the word "strictly" is there in all its letters. The item of administration for any department is not capable of covering any kind of discussion of any opinion such as the one to which the hon. member referred of the Canadian Manufacturers' association. It has been my experience that when a minister in charge of the estimates of a department has desired to open discussion freely, it has always been done, in order to sustain standing order 58, with the unanimous consent of the committee.

Mr. HOMUTH: Speaking to the point of order, Mr. Chairman, I think hon. members will recall that throughout the whole of the session when discussion has arisen on certain bills, members of the house have been told that when the estimates come up they will have the privilege of discussing all these matters. On two or three occasions I recall that the leader of the opposition raised that point, and if that be so, surely the Chairman ought to see that that leeway is given to all members.

The CHAIRMAN: If there is the unanimous consent of the committee, to sustain the rule.

Mr. COLDWELL: I am objecting, Mr. Chairman, to that limitation of our privileges as members of the house.

Mr. MACKENZIE (Vancouver Centre): Let us agree to proceed.

The CHAIRMAN: I take it that the hon. gentleman has the unanimous consent of the committee to proceed?

Mr. COLDWELL: I protest against you putting it that way, Mr. Chairman. I maintain that we do not need unanimous consent to discuss general matters on an item involving the expenditure of money for general administration and supervision.

The CHAIRMAN: Let us proceed. Everybody is unanimous.

Mr. MacINNIS: I have been in the house, Mr. Chairman, for the past ten or eleven years, and this is the first time I have found even an attempt being made to limit general discussion on the item in a department's estimates for departmental administration. Certainly these questions I have been discussing come under the Department of Labour, and certainly the Minister of Labour and his department have to deal with them because they affect people outside this house. Otherwise we should have no opportunity to speak on their behalf. The Chairman may not like my opinions, but that is no reason why I should not state them to this committee.

The CHAIRMAN: Order. The ruling of the chair is not debatable. The hon. gentleman will proceed with his argument.

Mr. MacINNIS: The reason why I raise this matter at this time is that within a day or so we hope we shall have finished our business here for the present, parliament will adjourn and the members will leave for their homes. What I am fearful about is that pressure such

as was indicated by the telegram to which I referred and part of which I read may be brought to bear upon the government and action be taken which will not make for industrial peace in this country. If industrial unrest has come to the stage that the Canadian Manufacturers' association maintain it has, then, as was told them at one of their convention meetings by Mr. Ralph Bell, director of aircraft production, the fault is largely their own. If we are going to have orderly and harmonious labour relations in this country, we can have them only by encouragement and recognition of labour organization.

We can leave it to the workers themselves, when they have established decent working conditions and decent wages, to take care of subversive activities within the organization. But when we resist, as employers in this country have resisted, trade union organization, there comes a stage when only desperate men will be heard, and the ordinary, orderly trade union official has no chance at all. Any hon. member who has had experience in the trade union movement knows that is correct. I could give any number of authorities to prove the point. The late Hon. Norman Rogers, in addressing labour on New Year's eve, 1938, stated that most of the labour disputes during the previous year had been caused by the refusal of employers to recognize the trade union organizations of their employees.

Therefore I earnestly plead with the Minister of Labour, who, I know, is just as anxious in this matter as I am, not to let himself be stampeded by pressure of a kind which I know is even now being used, to take action which would not only be harmful to our war effort, but would embitter labour for many years to come.

I am not going further into this question at the moment, but as we get into other items there are other specific points I wish to raise. I wish, however, to refer to one statement made by the hon. member for Cochrane. He referred to the necessity of keeping politics out of trades union movements.

Mr. BRADETTE: Isms.

Mr. MacINNIS: You will have the isms anyway.

We look to-day with high regard and with hope to the labour movement in Great Britain. Possibly nothing which has happened in the last year gave us more hope than the entrance of labour's representatives into the Churchill cabinet last May. I met Sir Walter Citrine when he was in Canada last winter. Walter Citrine had no apologies to make for labour being in politics. As a matter of fact, he said, they found it necessary to create their own political party. When he spoke in Vancouver as a guest of the trades and labour council I had the honour of a seat on the platform with him. Sir Walter Citrine was not a bit ashamed of saying that he was a socialist—

Mr. BRADETTE: Certainly a mild socialist.

Mr. MacINNIS: —and said that there would have to be a great many changes such as he and the labour movement in the old country were demanding, before there would be any hope of a better world organization. I am not, however, going into that; the Chairman could very well have brought me to order for referring to it.

Mr. McLARTY: I understand that these estimates are to be discontinued at half-past eleven, and I should like to make a more lengthy reply to the hon. member for Vancouver East. I will say at this time, however, that in the matter of collective bargaining this government has gone about as far as any government can go. We passed section 502A of the criminal code, making it an offence to discharge a man for the sole reason that he is a member of a trade union. In our order in council No. 2685 we recommend, as one of the principles on which better labour relations can be established, the freedom of any man or group of men to engage in collective bargaining.

Mr. MacINNIS: Will you take into consideration interning employers who won't carry it out?

Mr. McLARTY: I have nothing to do with internment, nor am I a great advocate of internment unless necessary evidence is there on either side. But I consider it would be undesirable to make compulsory that provision in order in council 2685. When you enter the field of compulsion, the principle works both ways and, I believe, inevitably gets you into trouble.

Mr. HOMUTH: That is what we are fighting in Europe.

Mr. McLARTY: Exactly. If you compel one side you have to compel the other, and eventually it leads to a form of government such as we are fighting in Europe.

Mr. MacNICOL: Conciliation is much better.

Mr. McLARTY: Much better. The hon. member referred to Sir Walter Citrine's visit. I wish we had in this country the happy situation they have over there, in that they have one large trade union congress, the only one

body with which it is necessary to deal. In this country we have a number of bodies, and it increases the difficulty where a unanimous opinion cannot be obtained on a number of questions.

In addition to this, the hon. member referred to the conference of employers held at Lucerne. I must say that I received the telegram only yesterday afternoon. The same telegram was received by the Prime Minister and the Minister of Justice, and so far I have not replied. But I would point this out, that the telegram is largely directed toward subversive activities. The Department of Labour cannot deal with subversive activities. I have prepared a short statement which I wish to make in this connection.

In another place it was suggested that when difficulties arise, the Department of Labour washes its hands of the problem and turns it over to the Department of Justice.

It has also been suggested that the Department of Labour should not tolerate any subversive action.

Might I make this perfectly clear, that the Department of Labour has never been and cannot be the appropriate department to deal with breaches of the law, or any subversive activities. It has no police force, nor has it any machinery to conduct prosecutions.

It is quite true that subversive activities may make the work of conciliation much more difficult, but it was never intended that the Department of Labour should become a department for carrying out any provisions for the enforcement of law and order, or for the punishment of subversive activities.

In fact, so far as the Industrial Disputes Investigation Act is concerned, the department is definitely precluded from doing so.

The only possible course of action which the Department of Labour can take in the event of an illegal strike is to report the matter to the law officers of the crown, and they take such action as may be necessary to enforce the penalty provisions of the Industrial Disputes Investigation Act.

The Department of Labour is not the department to enforce the law, whether the subversive activities refer to a labour dispute or to any other acts of a subversive nature.

In other words, Mr. Chairman, the impression seems to be abroad that the Department of Labour should clamp down on labour; that it should apply the law in a rigorous way to the activities of labour. That is not my conception of the duties of this department. We are there to provide for fair wages, to provide conciliation, to furnish facilities for settling a dispute once it arises. But it is not and cannot ever be the function of this department to act as a police force.

I do not know that there is anything more I would care to say to-night on that particular point. I thank the hon. member for Vancouver East for according me an opportunity of making that statement.

Items 99 and 101 agreed to.

DEPARTMENT OF NATIONAL DEFENCE

182. Normal services. Cadet services, $171,500.

Mr. COCKERAM: I wish to make a statement on the militia department set-up and on training in this country. About a year ago the department was completely reorganized. A new minister was appointed, a new chief of general staff, a new adjutant general, a new quarter-master general, a new master-general of ordnance. Those of us who have been serving in the forces had great hopes that there would be a decided improvement in the efficiency with which the department was run.

The third and fourth Canadian divisions have been mobilized now for over a year. During that year the basis on which we have been trained does not in my opinion compare with the intensive training which the men received in 1914 and 1915, when I was a private in the 21st battalion, whereas in my opinion the training should be based on the type of war to be met in 1945 and 1950, because, certainly we should have on the general staff men who can think of the possibilities of the future and the type of fighting we may have to come up against. During the year in which those divisions have been mobilized we have had, so far as the fourth Canadian division is concerned—

The CHAIRMAN: We are on item 182, cadet services.

Mr. COCKERAM: If I understood the minister correctly, he said that we might discuss any subject.

The CHAIRMAN: Not on cadet services.

Hon. J. L. RALSTON (Minister of National Defence): I did not notice the number of the item called. I suggested that anything could be discussed on the salary item, but I am quite satisfied for the hon. member to proceed on the item of cadet services. I said that there would be an opportunity to discuss general subjects and I suggested the item of minister's salary, which is statutory. If, however, my hon. friend desires to discuss the subject now, I have no objection.

The CHAIRMAN: The minister moves that the discussion be general on item 182.

Mr. RALSTON: I do not move it. I intimate that I am satisfied if the committee is agreeable that that be done.

Mr. COCKERAM: So far as the fourth division is concerned, we were organized as from June 8, 1940. We had our artillery organized, and the other technical units. Early this year, after the announcement that the fourth armoured division was to be formed, these troops were transferred over to that division and as a result we of the fourth Canadian division—and I think I can speak for the third too—have had no training in cooperation with other arms of the service.

After thirteen months of active service, surely the department should be in a position to bring about the combined training of all arms of the service. After all, if we go on active service we must have that training before we can possibly be fit to go into action. We have had no brigade or divisional training, and nothing that would fit us for active service if we had to meet that situation to-morrow.

Again, the fourth division has been organized for a year but we are still without a divisional commander, and without a divisional staff. I cannot see any business man taking on his workmen first without having a management to carry on the business. I suppose the government have not yet decided to whom they wish to give that political plum; but there is no question about it that, as a division, we are entitled to know who is to command us if we go on active service.

Reverting to the fourth division we were regarded as an overseas division. The men of that division gave up their civilian employment on the word of the minister that we were an active service unit. In all the speeches made by the minister during the last few months no suggestion has ever been made that the fourth division will go overseas as a division, and the minister owes it to those men who took his word they were enlisting for active service, to make a statement to them and so hold out some hope that the division will go overseas as a unit and not be broken up like the fifth division in the last war.

The minister knows as well as I do that the third and fourth divisions are still under strength, the fourth division especially so, on account of the transfer of certain services to the armoured division. In forming the armoured division, the militia department did not take the units which had completed their basic training. They mobilized completely new units, and as yet they are not up to strength. Had we had an efficient militia department, they would have taken complete units out of the fourth division or some of the unbrigaded units and transferred those units to the armoured division, so that the armoured division would have the benefit of completely trained units. What will happen is that the manner in which new units have been taken on will retard the progress of that armoured division.

Speaking of the armoured division, the Minister of Munitions and Supply said the other day that after a short period tanks would be produced at the rate of three a day. If I know my figures correctly, it will take at least six months to supply the tanks necessary for that division. Then again, let us take the equipment for artillery units. There is no up-to-date artillery in this country, and I am surprised that the department has not improvised such equipment. I understand that on the coast they are still using 18-pounders from the last war and 75-pounders they got from the French, whereas the arm of the artillery is the 25-pound field howitzer.

We come now to the question of vocational training. Last December it was decided by the Minister of Labour, together with the Minister of National Defence, that tradesmen in the various units would be sent to school. The unit with which I am connected sent something like forty-eight men to trade schools in Hamilton and Brantford. After three months, those men came back to us, and we did not know what to do with them. They stayed with us for about a week, and they were sent away on another course. The consequence is that the men do not know what is going to happen to them. Within the last few days, before the unit moved from Toronto, they were struck off the strength, and they do not know what fate is going to overtake them.

Regarding the medical boards, I think the minister will agree with me, that when he served during the last war, once a man was in the army he was in the army and he did not get out. But it seems that we in Canada have demobilized well over a division of men. In other words, half of the 32,000 recruits which the department is looking for to-day have been demobilized on account of the medical boards. There is something wrong there. Surely when a man gets in the army, although his category may be changed, there is something he can be given to do to keep him busy.

Then we come to the question of national defence headquarters, district headquarters, and various headquarters of the army service corps, ordnance corps and other branches of the service. It seems to me that with the minister conducting a great recruiting campaign at this time, he should comb out those departments,

and men who are A-1 should wear their uniform in the front line or the field of action, not in the headquarters in Ottawa and other places. I do not think there is any job in national defence headquarters, and district headquarters that cannot be filled by a man who saw service during the last war, who has the capability to do it and who would not be willing to fill the job. The minister should make a clean-up of that situation. I could give him names of officers who served in the militia in peace time, who are here doing senior staff jobs and who never saw active service. That condition is definitely wrong. I think everyone will agree that those of us who wore the uniform in peace time should fight in the front line.

Then we come to the recruiting. If the Minister of National Defence had organized his recruiting campaign as the victory loan campaign has been organized, he might not have been faced with the difficulty he appears to be facing with regard to recruiting to-day. I was very much surprised to hear that certain suggestions or guidance to speakers had been sent out. In this there is one paragraph to which I take great exception. This paragraph states:

> While the empire theme has naturally many attractions for the public speaker it should not be stressed too frequently. Rather for recruiting purposes Canadians should be taught to think of this war in terms of the battle of Canada.

That does not seem to me the right way to get recruits, at any rate not in the province from which I come. We believe that we are fighting for Canada and fighting for the British empire. Whoever was responsible for sending that out should be disciplined.

Last July the Department of National Defence organized what they call to-day the reserve army. There have been so many changes in the designation of the active force and the reserve army in the last six months that I doubt whether anyone in the reserve army or in the active army knows definitely what initials are supposed to come after the name of a regiment, whether it is Canadian Army active, or what have you. It seems to me they must have someone in the Department of National Defence who must be playing alphabet instead of doing a job with maximum efficiency. I am positive that the men who are serving in the army to-day have not the confidence in the Department of National Defence that they had six months ago. Orders are made, and no sooner do you get them than they are changed. It is like the old habit, when men were marching, they would yell, "Lost again." I think there are many officers in the Department of National Defence who are lost again. As one who served in the last war and in the militia for a period of years, and one who is serving to-day, I am not satisfied with the direction of the militia. If we have to defend this country, we must have faith in those who are going to be in charge of the defence of the country. This country does not lend itself very well to defence; we have too many roads; supposing the *Bismarck* had been able to land her extra thousand men somewhere along our coastline with the necessary equipment, and the *Prinz Eugen* had a similar number of men, I am sure that with the equipment our men have for the coastal defence we would be licked; they could do anything with us.

Let me give an illustration of what I mean as to lack of equipment. I believe the minister stated in this house on March 31 that equipment would be coming along; I think the third division was to be completely equipped at this time and those of us of the fourth division would be getting equipped. Since that date the regiment to which I belong has not received one additional piece of what we call technical equipment. We are on our way to the east coast, presumably to defend this country. Our establishment of Bren guns for instance is fifty; we have twelve. We have some obsolete Lewis guns, I think twelve of them. We are supposed to have ten carriers; we have none. We are supposed to have two 3-inch trench mortars; we have one. In that connection the department waits until we get trench mortars before teaching the men how to operate them, instead of giving them a prior course so that when we receive the equipment they would know how to operate them. We are supposed to have twelve 2-inch mortars; we have none. We are supposed to have six anti-tank rifles; we have one. That is the condition in which the regiment to which I belong is going to defend the east coast of this country. What would happen if we were attacked? Surely it is time that the Department of National Defence came to life and that some system of training should be conceived and that bottle-neck removed. I ask the minister to see if he cannot have a clean-up in that department. Let those of us who are serving in the army know that we have guidance that we can trust, because we do not have it now. We have no faith in the officers directing the destiny of this country.

Possibly every member of this house and the people of Canada are responsible for that, because over the period of years we have had a militia, a great deal of it carried on by voluntary effort, with the result that those members of the service who were permanent became nothing but senior civil

servants. They had nothing to work with, and any imagination that they may have had and anything they may have learned during the last war have definitely disappeared. I am of opinion that there should be drastic changes. When General Crerar was appointed chief of the general staff, although I had been in the militia for many years I had never heard his name until he was appointed commandant of the Royal Military College. He was sent over to England with General McNaughton, and I had high hopes that when he came back he would be able to put into that department the pep that is necessary if we are to have a well trained army. I would hate to think of the third division leaving here and being sent to the island of Crete, for example, with the amount of training it has had to date. I appeal to the minister to do something, to give us some dynamic system of training that will put renewed vigour into our men, because he must know that with the system of training which prevails to-day, the morale of our men is going down. I think the minister has the ability to do this; he has been a soldier for some years, but for some reason or another we are getting nowhere. With these remarks I shall resume my seat.

Mr. RALSTON: Mr. Chairman, I think my hon. friend forgets just what the situation is and has been in Canada with regard to the training of large formations. What my hon. friend is suggesting is, I think, that there should be training of divisional formations, or training of brigades. My hon. friend knows, or should remember, that in the last war we never had a division formed in Canada. In the last war the first 33,000 men went overseas and the division was formed. After that, all the divisions were formed in England, and were trained there. Here we are endeavouring to form the divisions in Canada and to complete, so far as we can, the individual, platoon, company and battalion training here. So far the units which have gone overseas have not had sufficient time to do formation training; and if my hon. friend will remember, there is at present in Canada only one formation which is concentrated. That is the armoured division, which is concentrated at Borden; but even that division is not completely concentrated there, because both the artillery and engineers are at Petawawa, where the facilities exist for their training.

My hon. friend should realize that we must walk before we can run in connection with training, and I wish to say to him that the training which is being done here is basic training, and that is required before the higher formation training can be attempted. Let me read to him what the chief of the general staff of the United States, General Marshall, said only a short time ago:

> Our training programme is building a seasonal body of men who have the basic knowledge and skill to handle any job we may give them. We are making soldiers and leaders. . . . The fact is that each individual soldier must receive the basic training of an infantryman no matter in what branch he will ultimately serve.

Later, speaking of the soldier, he says:

> He has spent his time learning the things that make a man efficient in combat, that make him act intelligently in an emergency and that toughen him physically to withstand the rigours of modern warfare.

Let me say to my hon. friend that contrary to the idea he seems to have, I have received—and I am not complacent or contented about it—not from Canadian officers but from British officers who are at present at Borden, the highest testimony with regard to the quality of the men we have at Borden at the present time, and the training that is being given them.

With regard to the third division, the hon. gentleman will remember that this division was organized, that is to say mobilization was ordered, in July; but as a soldier my hon. friend knows that mobilization is only the first step—that you cannot have effective mobilization, and training cannot begin, until the officers themselves have received training, and until there is a trained cadre formed. In the old days we would mobilize a battalion of officers and men, who would go into camp together. The officers would have had no special training, with the result that we never had the concentrated and intensive training which is being given to-day. At the present time the method of mobilization is to warn the units so that they may have their men enlist; but in the meantime, before you actually call them up and before unit training commences, the senior and junior officers train so that they may be able to take care of the men when they actually come into the unit. That takes time; and let me tell my hon. friend that although the third division was actually ordered up for mobilization, I think in June or July, two brigades of that division were concentrated at Debert, I believe as late as November, if I am not mistaken. Even at that, I believe one brigade was two battalions short, and those two battalions did not arrive until some time later. As a matter of fact one battalion did not go into camp until early this spring.

There has been no opportunity, as yet, for brigade training. There has been less opportunity, of course, for divisional training,

because even when the two brigades were there at Debert there was still a brigade over at Sussex. We did not plan to accommodate them down there. These men were placed as a mobile force, and at the same time to do all the training possible. The general officer commanding the third division was appointed; he came over here, and he has been conducting an intensive system of training during every waking hour. He is not a man who was given some political plum, to use the words of my hon. friend. He is a seasoned soldier, a man who gave fine service in the last war, a man who has devoted his life to soldiering and who was recommended in the highest terms by General McNaughton himself.

Mr. COCKERAM: To whom is the minister referring?

Mr. RALSTON: Major-General Sansom.

Mr. COCKERAM: I agree with the minister there, but it was another gentleman to whom I was referring.

Mr. RALSTON: There was no political plum in what my hon. friend was talking about. Those are the facts with regard to the third division, which is carrying on its unit, platoon and company training every day. I believe, when that division leaves Canada, it will go in as high a state of efficiency as any formation that has ever left this country, and I think that is saying something.

Let me now say a word with regard to the fourth division. As my hon. friend knows, the fourth division was mobilized later and was not concentrated. The fourth division was in different camps throughout the country during the winter. Training is difficult in winter; nevertheless training was carried on intensively. Then, when we came back from England, and the decision was made to send over an armoured division, my hon. friend is quite right when he says that we did take the artillery and the technical units from the fourth division and put them into the armoured division, and probably they were very glad to get into that formation. What we are doing now, as I have said—I have made no secret of it whatever—is recruiting men to fill up the technical units of the fourth division. I say to my hon. friend that I feel he is a little impatient about this. I do not pretend to be an expert in training, but I believe that in the chief of the general staff, General Crerar, we have a man who does understand training and who has put into effect a system of training which, I believe, will show excellent results.

My hon. friend has said that he never heard of General Crerar before. That is unfortunate, but at the same time I do not think it is anything against General Crerar. Let me say to the hon. gentleman that when I wanted a chief of the general staff I did not appoint him myself; I did not ask my colleagues with regard to the matter; I did not select someone to be given a political plum. I asked General McNaughton to recommend to me the best man he had over there, the man he would recommend as chief of the general staff. General McNaughton himself had been vice-chief and chief of the general staff and knew what was required. He had served under General MacBrien, and had acted as chief of the general staff himself. He recommended General Crerar to me in no uncertain terms, the gentleman to whom my hon. friend has referred. General Crerar has been on the job constantly ever since. The changes which have been made from time to time—I admit they are many, and I make no apology whatever for them—have been due to no small extent to the recommendations which General Crerar has made.

Let me to say to my hon. friend that if I could take up the time of the committee I could go over the training syllabus, go over the schools which have been established in order to train men in every branch and every arm of the service. There is the question of training men in their units with their officers or training them in training centres. I had a recommendation the other night from an officer commanding an active unit. The question was whether or not a second battalion would be formed in order to reinforce that unit. This officer, like my hon. friend, had been an officer in the last war. He had spent three or four months at a training centre, and he said that he would prefer to have reinforcements from a training centre than reinforcements from the second battalion, mobilized in the ordinary way. The testimony from United States officers who have been in England, and the testimony from British officers, is unanimous that the training centre system which has been adopted during the last year is the only system which can be adopted in order to give results.

I say to my hon. friend that nobody is satisfied with the training, and he should not think that General Crerar is satisfied with the training. The officers at headquarters are doing everything they can to improve it. What are they doing? We sent the director of military training to England, and I believe he spent two months with the different units in England, with General McNaughton and his staff, finding out what the necessities of training were. He came back here and put

these suggestions into effect. We are doing more than that. We are sending officers and non-commissioned officers to England in order to get training in their special arms of the service. We are bringing officers from England to take charge of training and to deal with the special problems which have arisen in connection with this war.

Mr. ROWE: Does this change the original policy of having men rise from the ranks rather than through the training centres?

Mr. RALSTON: My hon. friend has misunderstood me. The men in the training centres are men in the ranks.

Mr. ROWE: I understood the minister to say that the men from the training centres were highly trained officers.

Mr. RALSTON: There are officers' training centres, and there are other ranks' training centres. I am speaking of the other ranks' training centres. I was saying that the training centre system is the system which has proved itself to the British and to the United States authorities, and I believe it will prove itself to the people of Canada when they see the results.

Only to-day I was called upon by a gentleman who had been most critical last July. He is a man who knows a great deal about training, and he called upon me with regard to that matter. He has been watching this training quite closely, being in charge of an officers' training centre. He said that in his opinion the present training far exceeds anything that has been done before. I am not puffed up about that, I only wish to say to my hon. friend that there are some people who do not agree with him in connection with this matter of training. This training has been done on the advice of officers in whom I have the greatest confidence, and it is producing results.

My hon. friend spoke of demobilization on account of medical boards. I dealt with that matter as frankly as I could not very long ago. I told the house that I considered the 10,000 that had been discharged as excessive, and I said that steps were being taken to correct this matter. Yesterday I had a talk with the director general of medical services. He had made a personal tour of all parts of Canada and, in addition, has sent medical officers to the different centres in order to see that the medical boards are doing their duty. The complaints I am receiving is that the medical examination is too strict. It is that way because we do not want to have these medical discharges if they can be avoided.

Mr. GREEN: How many men have been discharged from the active army since the war began?

Mr. RALSTON: Since September, 1939, 14,000.

Mr. GREEN: Not only those by medical boards, but also those discharged on other grounds?

Mr. RALSTON: I have not those figures.

Mr. GREEN: We were told in the special committee on pensions that they are being discharged at the rate of 1,800 a month, even yet.

Mr. RALSTON: I do not know that.

Mr. GREEN: Could the minister get those figures?

Mr. RALSTON: Yes.

Mr. CASSELMAN: Does that cover only those who have been sent back from overseas?

Mr. RALSTON: No; all who have been discharged anywhere, in Canada too.

Mr. CASSELMAN: Could the minister give the proportion of those sent back from overseas?

Mr. RALSTON: I cannot give that to-night. My hon. friend referred to front line officers and suggested, to use his own words, that I clean out national defence headquarters. We have sent quite a number of national defence headquarters officers overseas, and we shall be sending more from time to time. We are also bringing officers back from overseas.

Mr. COCKERAM: I am talking about A1 men who should be utilized for active service, men who did not see service during the last war.

Mr. RALSTON: I heard what my hon. friend said. I thought he was talking about officers.

Mr. COCKERAM: Officers and men.

Mr. RALSTON: Every endeavour is being made, not only in connection with this recruiting campaign, but at all times, to see that, wherever possible, civilian employees are used. Without wanting to reflect upon my colleagues, I think national defence, army services will show a favourable record compared with the other service departments, with regard to the number of civilian employees compared with military clerks. When I was overseas I found a demand for military staff clerks in the units which is very difficult to supply. We have to keep and train a certain number of military staff clerks in order to supply that demand. A number of military staff clerks went down on the *Nerissa*. They were being sent overseas partly to fill the demand. I say to my hon. friend that I have in mind what he has in mind, and I assure him that men who can be spared,

will be replaced by men who are not physically fit, or by women. We are glad to do that at National Defence and will see that it is done.

My hon. friend referred to his own unit, which is in the fourth division. He knows that our present commitments are for an army tank brigade, for a third division and for an armoured division. Those are the commitments we made for this year, and our endeavour naturally is to see to it that these units are supplied with equipment just as rapidly as possible. I cannot get equipment for these units any faster than Canadian industry turns it out. I can assure him that every step is being taken so far as my department is concerned to see that the equipment is turned out as rapidly as possible. At times I have felt I have almost gone too far in butting into matters which are for my colleague, the Minister of Munitions and Supply (Mr. Howe). I have frequently visited plants and interviewed executives of plants which were engaged in the production of this equipment, and endeavoured to impress upon them the seriousness and urgency of equipping our forces.

Just a few days ago I interviewed a man who was most anxious for me to see his plant. He was getting together components to prepare for production. I told him I appreciated what he had shown me but that I should like to take him down to some of the camps; since he had shown me what he had to show, I should like to show him men who needed equipment. He said, "There is no use in your taking me down there; I know what the situation is, and I assure you that I am working just as hard as you are in trying to get this equipment out; it will be in your hands just as rapidly as possible." One of the jobs of the vice-chief of the general staff is to keep up tables, from month to month, of equipment supplied and forecasts of deliveries. He endeavours to see to it that industry, through the Department of Munitions and Supply, lives up to the forecasts which are made. I assure the committee that the equipment position is improving. I could name over a dozen items in respect of which there has been marked improvement, even since I spoke in March last. It is true that there are some items which it will be difficult to get for some time to come. There still is a serious shortage in equipment, but that shortage is being made up just as rapidly as Canadian industry can do it. I took the trouble to go yesterday to the meeting of the Canadian Manufacturers' Association to say a few words about that very matter.

With regard to the fourth division, I say to my hon. friend that his Bren guns will come along before his unit is called upon to meet any operational situation, and that the other items of equipment, in so far as they are procurable, will come along too. When he says that he has no confidence in the officers at national defence headquarters, let me say to him that I do not share his views. Judging from the results which I have seen since they took the situation in hand, I believe they know their business. Some changes may have to be made, and I do not propose to hesitate to make them. As a matter of fact, I am not making any reflection on other officers, but I have felt that round pegs should go in round holes and square pegs in square holes. I was not in the defence department very long when, as my hon. friend suggests, I did make a number of changes in the senior positions. He will find that there is not a district officer in this dominion to-day who was occupying the position of district officer commanding in the same district a year ago. Those are the changes we endeavoured to make, and a number of them have been new appointments entirely. My hon. friend will not find any political plums among them. At all events my political friends do not think so, judging from what I hear. These appointments are being made on account of merit and on the recommendation of a board of officers in whom I have confidence, and who know the qualifications of these officers. I have no complaint whatever against my hon. friend for bringing this matter up. I am not complacent; I am not contented; I am not satisfied about the matter; but I assure him that if hard work and industry, if concentration, if faithfulness to a job and determination to do it count, he will find that national defence headquarters will fulfil his expectations.

Item stands.

Progress reported.

SUPPLY—CONCURRENCE

Hon. IAN MACKENZIE (Minister of Pensions and National Health) moved:

That the reports of the committee of supply made to the house this day be now received, read a second time and concurred in.

Mr. STIRLING: Is that a formal stage of the proceedings now?

Mr. MACKENZIE (Vancouver Centre): No; it is in order to have the resolutions printed in the *Votes and Proceedings* tomorrow.

Motion agreed to.

On motion of Mr. MacKenzie (Vancouver Centre) the house adjourned at 12.05 a.m.

Friday, June 13, 1941.

The house met at eleven o'clock.

REPORT OF COMMITTEE

Fourth report of the special committee on the Pension Act and War Veterans' Allowance Act.—Mr. MacMillan.

THE WAR

REVIEW OF RECENT DEVELOPMENTS AND OF CANADA'S WAR EFFORT

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the hon. member for Rosetown-Biggar (Mr. Coldwell) on Wednesday last expressed the hope that before parliament adjourned for the summer months I might find it possible to make a brief statement with respect to recent developments in the war situation and our own war effort. He expressed the view that such a statement might serve to strengthen the morale of the country, which as he rightly believes is apt to suffer when faced with severe reverses or seeming reverses such as those which have recently taken place in the middle east. I have no hesitation whatever in saying that a true perspective of the situation should go a long way toward strengthening the national morale.

With the consent of the house I should like to make the statement at once, as in all probability either to-day or to-morrow will be the last occasion on which there will be a favourable opportunity.

Whether it is better to fight and lose, or not to fight at all, is one of the oldest questions facing military strategists confronted with an enemy of superior strength. Reverses there are bound to be, and we must not lose heart when they come.

When we recall that up till a year ago Britain placed her main reliance on the French forces in Syria and north Africa and on the French fleet in the Mediterranean for the protection of the common allied interests in the whole Mediterranean basin, and then reflect that a year has passed since the collapse of France and no vital British position has yet been lost, it should give us cause, not for satisfaction certainly, but at least for thankfulness.

In an attempt to capture the changing phases of a world-wide war, it is obvious that the picture, if relieved by sunshine, must also be darkened by shadow. To-day there may be an encircling gloom—to-morrow there will be shafts of light.

I can but reiterate what I have previously said to this house and to the people of Canada. We shall only be helping the enemy and not ourselves if we are unduly elated by temporary success, or if we are unduly downcast by temporary failure.

No thoughtful man could ever have believed that this war would be over in a few months, or won by a short, sharp thrust. From the very beginning it was obvious that the volcanic forces let loose in the world were so mighty that a long, grim struggle was inevitable. It was bound to spread from nation to nation, from ocean to ocean, and from continent to continent.

The weak, the unprotected, and the perversely neutral were obliged to fall by the wayside. The final conflict was inevitably destined to be waged between the strong.

To-day, in what may be the bitterest chapter of the battle for freedom, state discipline fights self-discipline. The strongest men ever forged and hammered by a state meet on many fronts the strongest men ever tempered by the fires of liberty.

In this last chapter a few indubitable facts stand out in bold relief. The war will be won or lost not in Africa or in Asia or in the islands of the Pacific, but in the wide waters of the Atlantic, on the shores and in the skies of Britain. The Mediterranean is but an outskirt of the city of liberty. The battlements are in the Atlantic and the English channel. Freedom falls only if Britain falls.

Let me for a moment seek to balance our advantages and our disadvantages in the air, on the land and at sea.

In the air, the balance of machine power is gradually being adjusted. Increasing numbers of nazi bombers are being destroyed at night; British raids on German objectives have not only grown more effective, but no longer can the official silence of the usually overloquacious German propaganda ministry hide their results from the German people.

In his Reichstag speech on May 4, Hitler was forced to promise still better weapons next year. This statement was the first indication given to the German people that the war would not, as hitherto forecast by Hitler, be ended this year. Thus are the prophecies of the violent put to confusion by free men.

The stream of machines continues to flow. If any further evidence were needed of the growth of the British and allied air power, it is to be found in aggressive activity in the Atlantic ocean, in the North sea and in the Mediterranean. It is to be found too in the steady defensive activity that every day pursues its revenges against those who scatter indiscriminate murder and destruction upon British soil from the British air.

Everywhere in sky warfare a situation, not yet mastered, nevertheless improves from day to day.

On the sea the curve of loss has recently shown a decline. The shipping losses for May were considerably lower than they were for April. The attack of the *Bismarck* upon H.M.S. *Hood* was followed by relentless pursuit and swift retribution. The reality of British sea power remains. The catalogue of the heavy losses sustained by enemy shipping proves that, if regard is paid to the comparative available resources of tonnage, targets and striking power, the balance of effective destruction is not tilted as heavily as might appear upon the side of Germany and Italy.

Most heartening of all in the present situation is the attitude of the United States. The promises of President Roosevelt are not only being kept, they are being enlarged. The announcement by the president on April 29 that United States warships would be sent wherever the needs of hemispheric defence required their presence; the speeches of Mr. Stimson and Mr. Knox early in May; the passage by the congress of the bill authorizing the seizure of foreign vessels in United States waters; all these were encouraging signs of stiffening opinion. But the decisive point was reached by the president in his broadcast on May 27, when he made it plain that the United States would take whatever steps were necessary to ensure the delivery of American supplies to Britain.

Mr. Roosevelt did not minimize the seriousness of the battle of the Atlantic. His statement that British shipping losses far exceeded the present combined shipbuilding capacity of Britain and the United States marks a thoroughly realistic facing of the facts.

This continent is rapidly becoming not only the arsenal of democracy, but the shipyard of the freedom of the seas. Canada has mobilized all possible resources of men, material and suitable location to build ships. American and Canadian construction have begun the race against destruction. Every ship added to the Canadian navy helps to relieve the tremendous burden so gallantly borne by the British navy. Every new American warship, every new Canadian warship, helps the British navy to detect and to destroy. Every new merchant ship is a guarantee of men, machines, munitions and food.

In connection with land operations, there is nothing which can be added to the closing remarks of Mr. Churchill made in his speech on Wednesday, June 11. If we eliminate the occupation of the Channel islands by German forces, at this time of speaking, after nearly two years of war, no enemy soldier has a foot on British soil. As Mr. Churchill said:

> If anybody had said in June last, we should to-day hold every yard of the territories for which Great Britain is responsible in the middle east, that we should have conquered the whole Italian empire, that Egypt, Palestine and Iraq would have been successfully defended —anyone who said that would have been thought a foolish visionary. Yet that is the position at the moment.

Those briefly are the salient, they are the outstanding facts about tangible things.

As far as Canada is concerned, our own war effort in men and materials has steadily gained in momentum, in volume and in power. We are adding every day to the material and strength of the allied cause. Every month sees more Canadian troops, more Canadian sailors and more Canadian airmen added to the number of the defenders of Britain.

For some time past we have had an army corps of two divisions in the British Isles. As the corps commander, General McNaughton, has pointed out, they are helping to garrison the one vital citadel, the retention of which decides the war. We have made known to all the world that our forces overseas are ready to go, and that we are equally ready to have them go wherever their services may count for most. We are dispatching to Britain two additional divisions, one a third infantry division, the other an armoured division, also a tank brigade and many reinforcements. All will have been despatched in the course of the present year. This is apart altogether from the forces we are retaining in Canada.

Ships of Canada's navy have, as all hon. members are aware, been engaged with British ships in the coastal waters of Britain. They are now taking an increasingly important part in the defence of the Atlantic coast and in the duties of convoy on the great passage way of the Atlantic so vital not only to the present of Britain but also to the future of Canada and of the United States of America.

Canadian airmen and Canadian squadrons, as all are aware, have from the beginning been taking their part in the battle of Britain. In the Royal Canadian Air Force we have to-day 55,000 men. The British common-

wealth air training plan this year will double the number of its enlistments. In Canada nearly one hundred training schools, manning depots and recruiting centres are already in full operation. From this source is flowing to Britain an ever-growing stream of pilots, observers and gunners. They have crossed to Britain in thousands and will continue to cross in ever-increasing numbers.

We have recently sent from Canada to Britain one thousand radio technicians whose help has been invaluable and will be invaluable in the cleansing of the midnight air. More are following on.

We are making machines for Britain's armed forces as well as for our own. Canadian motor transport vehicles, machine guns, aircraft, corvettes, mine-sweepers as well as shells, explosives and chemicals are being sent in growing volume across the Atlantic. We are sending and will continue to send to Britain all the goods which ships can be found to carry, but we are not stopping there. We recognize the tremendous financial burden which the British peoples are bearing. That burden, as well, we are continuing to share in ever-increasing measure.

Without complaint our people are bearing the heaviest taxes in their history. In addition they are lending their savings to the government. I know that with loyal willingness they will lend and, if necessary, give, whatever is needed to strengthen and supplement the financial resources of the government of this country. The Canadian people are performing a magnificent task. They will not fail the cause to which we have pledged our all. They are producing, and will produce to the limits of their strength and genius, the material, tangible things, without which victory cannot be won.

There remain, also, as our sure strength and shield, the intangible things of the human spirit. The will to live, and to endure every hardship that all may continue to enjoy the blessings of freedom is a part of Canadian character. We in Canada have a veritable passion for human brotherhood; a hatred of hate; an intolerance of intolerance. Ours is the unshaken and unshakeable purpose to reestablish upon the earth, now hideous with the blackened ruins of civilization, a freedom, wider and more deeply founded in social and international justice, than ever before in human history. All these intangible things are the very fibre and fabric of the national character alike of the British and Canadian peoples. Tried by many onslaughts, tested by many defeats, the inner fortresses of that character remain unbroken and unbreakable, impregnable, indomitable. Against their walls, the tides of tyranny and the waves of battle will beat in vain.

Hon. GROTE STIRLING (Yale): On the day which the optimists think may be the last of this session before adjournment, and I sincerely trust they are right, the Prime Minister (Mr. Mackenzie King) has drawn together the threads of international affairs, the war story, and particularly that part of it which Canada is playing, into one statement which will go out to the public of Canada and to a wider public than that. I trust that it will have the effect which I have no doubt the right hon. gentleman had in mind, namely, of strengthening, if strengthening be necessary, the morale of the people, and driving home once more to the intelligence of every individual that there is just one thing which will bring us through to victory, and that is the spending of ourselves individually in the whole effort.

Mr. M. J. COLDWELL (Rosetown-Biggar): I would endorse what the acting leader of the opposition (Mr. Stirling) has said, and, in doing so, convey to the Prime Minister appreciation of his act in having placed this statement before us. The statement, both in its comprehensiveness and in its literary style, if I may say so, is something which I am sure will be appreciated by those who read and study it, not only now but in future days. I believe it is essential to strengthen the morale of the people in every particular, and it has been shown—the *Bismarck* incident proved it—that when we have the equipment, the planes, the ships, the guns and so on, we shall have every assurance that the present menace will be overcome.

Mr. J. H. BLACKMORE (Lethbridge): We have listened with much satisfaction to the admirable statement the Prime Minister has made. I wish to assure him, in these closing days of the session, that the movement for which I stand in this house will be behind him in his effort to make Canada's part greater, more effective and more satisfactory than it has been in the past.

THE MINISTRY

LETTER OF RESIGNATION OF HON. J. G. GARDINER AS MINISTER OF NATIONAL WAR SERVICES

Right Hon. W. L. MACKENZIE KING (Prime Minister): The leader of the opposition (Mr. Hanson) asked me to lay on the table the letter of resignation of the former Minister of National War Services, the present Minister of Agriculture (Mr. Gardiner). I now table the communication in question.

WAR EXPENDITURES

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have been asked to move that the name of Mr. Hansell be substituted for that of Mr. Marshall on the special war expenditures committee.

Motion agreed to.

DAYLIGHT SAVING

QUESTION AS TO PROVISION FOR DOMINION-WIDE APPLICATION

On the orders of the day:

Hon. GROTE STIRLING (Yale): May I ask the Prime Minister whether the government has given consideration to, and arrived at a conclusion on, the question of dominion-wide daylight saving.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The government has given some consideration to the matter, but no member of it has studied it more closely than the Minister of Munitions and Supply. Perhaps my hon. friend will allow him to reply.

Hon. C. D. HOWE (Minister of Munitions and Supply): The introduction of daylight saving in a community has always been by action of the community itself. Some months ago the power controller, supported by the electricity board of the province of Quebec and the Ontario Hydro-Electric Power Commission, asked the government to act under the War Measures Act to extend daylight saving during the winter months to those communities which had already adopted it by their own action. That action was taken, with the result of saving some 180,000 primary horsepower which was made available for war industries. Since then the government has had communications from city councils and boards of trade asking that it take action to introduce daylight saving in their localities. We have consistently replied that the matter is one for local action, and while we believe that the introduction of daylight saving would be beneficial to the war effort, the government has maintained its position that the introduction of daylight saving is a matter for local action. There are many sections of Canada which have violently opposed the introduction of daylight saving. There would be no particular gain to the war effort in forcing daylight saving upon these communities—for the most part rural communities—and therefore up to the present the government has felt that any further introduction of daylight saving should be by local action.

[Mr. Mackenzie King.]

DOMINION PUBLIC BUILDINGS

PURCHASE OF BRADING BREWERY PROPERTY ON WELLINGTON STREET, OTTAWA

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): On the basis of a report appearing in the June 13th issue of the Toronto *Globe and Mail* concerning the purchase by the federal government of a brewery in Ottawa for $500,000 to beautify Ottawa, may I ask the government: (1) Has the Brading brewery been purchased? (2) Does the government actually feel that an expenditure of over half a million dollars to beautify Ottawa is justifiable in this critical war year? (3) Will this expenditure be submitted to the special committee on war expenditures for examination at an early day?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have not had an opportunity to look at his question, but what the hon. member has reference to, I believe, is the expropriation by the government a considerable time ago of certain properties on Wellington street, in view of the improvements which the government itself intended to make in that particular area. As my hon. friend is aware, two of the largest government department buildings are on Wellington street and the plan of development has in view the extension of further buildings along that street. It was thought advisable, before all the property in the adjoining areas, and in that area itself, became enhanced in value in consequence of improvements being made by the government, that the government itself should acquire property for its use later on. The brewery referred to is in that particular area, and while there may be some who will be sorry it is going or gone, I imagine their number will not be great.

SUGGESTION THAT FLAGS BE FLOWN CONTINUOUSLY DURING SUMMER MONTHS

On the orders of the day:

Mr. R. W. GLADSTONE (Wellington South): I should like to direct an inquiry to the Prime Minister with respect to the flying of the flag on dominion public buildings, especially on these parliament buildings in Ottawa. Tradition, I believe, has established, without any legislative requirement, that the flag shall be flown on these parlia-

ment buildings while parliament is in session and on dominion public holidays. It would seem that in war time, and especially during the months of July and August, when large numbers of United States tourists are visiting Ottawa, it might be appropriate to have the flag flying on these buildings. I wonder if the government would consider this matter and, so far as possible, have the flag flown on dominion buildings throughout Canada during the summer months.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall be glad to look into the question raised by my hon. friend. I imagine, however, that there are many considerations of which account would have to be taken. One reason for not flying the flag on the parliament buildings at all times is that it may be a distinguishing mark with respect to the time at which parliament itself is in session, and also with respect to certain occasions of a national character. I am afraid that if the flag were flown the year round as a matter of course much of that significance would be lost. However, I shall be glad to look into the practice at Westminster and also to consider what I have already mentioned, the other facts which may bear on the matter. I see no reason why, in connection with government buildings throughout the country, effect might not be given to the suggestion of my hon. friend. That matter also will be carefully considered. I might say that I understand that such is the present practice.

MUNITIONS AND SUPPLY

UNCOMPLETED NAVAL VESSELS IN TORONTO HARBOUR

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): May I bring to the attention of the Minister of Munitions and Supply the fact that several uncompleted corvettes are lying in Toronto harbour. This end of the war effort is being scandalously neglected. What does the government intend to do about it?

Hon. C. D. HOWE (Minister of Munitions and Supply): I think the ships in question are mine-sweepers. They have been launched, and as soon as the electrical work and other fittings have been installed, they will be delivered to the government.

LABOUR CONDITIONS

INQUIRY WITH RESPECT TO STRIKES IN WAR INDUSTRIES

On the orders of the day:

Mr. HUGHES CLEAVER (Halton): Could the Minister of Labour advise how many strikes exist to-day in industries engaged in war work?

Hon. N. A. McLARTY (Minister of Labour): My information is that the workers at the Canadian General Electric plant in Toronto have returned to work. That being so, I think I am safe in saying that there is no strike of any consequence to-day in any war industry.

FOOD AND DRUGS ACT

JOHN DE KUYPER GIN—QUESTION WITH RESPECT TO LABELS ON BOTTLES

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I hold in my hand a bottle which bears a certain label and I should like to ask for some information from the Minister of Pensions and National Health. On this label appears the word "genuine" when it is not genuine; it bears the word "Hollands" when it is not Hollands; it bears the word "Geneva" when it is not gin; it bears the word "Rotterdam" when it is not Rotterdam; it also bears the words "John de Kuyper." Will the minister see to it that these labels are changed immediately, and any stocks of this product that may be in the stores seized at once?

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): Replying as an amateur to a question asked by an expert, I may inform the hon. member for Témiscouata (Mr. Pouliot), with his inquiring mind, that all the regulations under the Food and Drugs Act with reference to the contentious question of gin have been complied with as the result of instructions issued on April 24 last.

BANKING AND COMMERCE

STATEMENT AS TO RELATIONSHIP BETWEEN THE GOVERNMENT AND THE BANK OF CANADA

On the orders of the day:

Mr. DOUGLAS G. ROSS (St. Paul's): I should like to ask the Minister of Finance if he will consider having the banking and commerce committee meet in the fall when we come together again, for the purpose of continuing our discussions on monetary matters and going into the principles of taxation?

Hon. J. L. ILSLEY (Minister of Finance): The hon. gentleman asked a similar question when my estimates were before the committee, or at some previous stage. I shall be glad to see that the government gives consideration to the desirability of the banking and commerce committee being called for this purpose. I should like to say a word about the banking and commerce committee and about the submission of monetary policies to that committee. I do this because the Premier of Alberta has issued a statement which perhaps makes it desirable for me to say something about the relationship between the government and the Bank of Canada.

As hon. members know, the report of the governor of the Bank of Canada was considered by the banking and commerce committee in the spring of 1939, with I think most beneficial results. On June 2 this year, I made certain statements in this house with respect to the relationship between the government and the Bank of Canada, statements which were referred to by an hon. member on June 5. Whereupon I made certain other statements in relation to that matter. I note that the premier of Alberta has issued a statement which probably will be widely used to show that the government has no control over monetary policy. Therefore, I should like to make the matter clear before the house adjourns.

When I made my statement on June 2 we were discussing whether the internal administration or operations of the Bank of Canada should be subject to discussion in this house. At least that is what I had in mind, and I think a careful reading of what I said on that occasion will bear me out, although I will admit that it is open to another construction. I tried to make it clear that that is what I had in mind when I spoke on June 5.

As the committee knows, the Bank of Canada was created by parliament as an autonomous corporation with its stock owned wholly by the government, but with its own management and board of directors appointed by the government. It is an arm of the government, but not a department of government. The character of the act is such that responsibility for its operations is placed squarely on the shoulders of the governor and the board of directors. In this connection I wish to quote from *Hansard* of June 20, 1938, a statement made by the then minister of finance when proposing certain amendments to the Bank of Canada Act:

> There is, of course, no intention nor any hope that it—

Meaning the change in the constitution of the bank.

> —will dispose of political discussion regarding the use which shall be made from time to time of this instrument of national control of monetary policy. I should say in this regard, however, that it is not the intention of the government by the introduction of this measure to make the Bank of Canada merely a department of government. If the central bank of a country is to serve the high purpose for which it is created, it must be manned by men who not only are expert in monetary policy, economic and financial matters, but also have a sufficient independence of judgment to be able at all times to talk on equal terms to the government of the day with respect to the matters which come under the jurisdiction of the bank in the ordinary course of business. It is not the intention that by this resolution the Bank of Canada should become in any way a political arm of government. That, indeed, would be fatal to the successful operation of the control of monetary policy and credit in this country.

The point which I would like to emphasize is that the responsibility with which the governor and board have been charged by parliament does not in any way relieve the government of responsibility for the monetary policy being pursued by the bank, nor in any way militate against public control of monetary policy. The monetary policy which the bank carries out from time to time must be the government's monetary policy, but the government must leave the carrying out of that policy, the choice of ways and means of executing it, to the management of the bank in whose judgment it has confidence.

If the government is satisfied with the policy which is being pursued, there is obviously no quarrel between it and the bank. Let us suppose, however, that the management of the bank and the government do not see eye to eye in the matter of monetary policy. Let us assume that after the usual careful consideration of the pros and cons, a serious difference of opinion remains. In such a case there can be no question whatever as to the outcome of the dispute. The government's views will prevail.

In view of the statutory responsibility placed on the governor and the board of directors, I do not believe that those of them who disagreed with the government on a fundamental issue could conscientiously carry out the government's policy. It would therefore be necessary for them to resign, and they would be replaced by others who were willing to accept responsibility for the type of policy which the government believed to be appropriate. It follows that if a serious dispute ever occurs, it will be brought to the attention of the house and of the country.

The type of organization which parliament has created combines the essential factor of public control with the extremely desirable factor of managerial responsibility. I know

of no better way of safeguarding the public interest. It is, of course, always open to parliament to question and reject any policy, including monetary policy, which is being followed by the government of the day.

I think it is desirable to have this on record. I regret that the matter should have been dealt with—I am speaking now for myself—by question and answer on another matter, as it was, and I think it was due to that that some misunderstanding arose on the part of certain hon. members of the house and apparently some outside the house.

PROPOSED COMMITTEE TO EXAMINE REPORT OF BANK OF CANADA

On the orders of the day:

Mr. E. G. HANSELL (Macleod): I should have liked to place this question on the order paper, but it is too late now to do so. I would ask the Minister of Finance if before the next session of parliament the government will give consideration to the setting up of a standing committee to examine the report of the Bank of Canada, similar to the existing committee on railways which examines the reports of the Canadian National Railways.

Hon. J. L. ILSLEY (Minister of Finance): Well, Mr. Speaker, there would be no objection to giving consideration to this request, but I should say that duty could be acceptably discharged by the banking and commerce committee.

WHEAT ACREAGE

ASSISTANCE TO FARMERS TO MEET COST OF SUMMER-FALLOWING

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to ask a question of the Minister of Agriculture (Mr. Gardiner). I have a volume of correspondence which I have received in the last few days in reference to the question of summer-fallowing and the inability of farmers generally in western Canada to finance their summer-fallowing operations by reason of the fact that the oil companies are refusing to advance them credit. Would the minister advise whether the government is prepared to advance say 50 per cent of the cost of summer-fallowing to farmers in order to enable them to get the work done? Or as an alternative, will the government devise a scheme whereby the municipalities could guarantee a percentage of the cost of summer-fallowing and the government pay direct to the municipalities the amount guaranteed?

Hon. J. G. GARDINER (Minister of Agriculture): I do not think the federal government has at any time taken part in the promotion of summer-fallowing activities in the western provinces. That has always been looked upon as a responsibility of the provincial governments in so far as it has been taken care of by governments. I do not think the provinces will expect the federal government to take on a load at the present time which has not been carried even in peace time.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

182. Normal services. Cadet services, $171,500.

Mr. POULIOT: Before this item is voted I should like to place on record copies of two letters I have sent to the Minister of National Defence, under date of May 15, 1941, and May 16, 1941. The second letter reads:

Ottawa, May 16, 1941

The Honourable J. L. Ralston, K.C.,
Minister of National Defence,
Ottawa.

My dear Minister,

Referring to your letter of May 11, there is something that I do not understand.

Eleven months ago, the Prime Minister pointed out to me that in doing voluntary recruiting for the defence of Canada, I might be making the greatest mistake possible with respect to the national interest.

Would there be no mistake possible with respect to the national interest in doing it for overseas service? In other words, how can I do, at your request and for another country, what I had been precluded to do by the Prime Minister for our native country?

Please find herewith attached supplementary memorandum in the form of a letter which completes this one.

Yours truly,
Jean-François Pouliot.

The first letter reads:

Ottawa, May 15, 1941

Colonel the Honourable J. L. Ralston, K.C.,
Minister of National Defence,
Ottawa.

My dear Minister,

I have received your letter of May 11 and copy of a broadcast of your colleague, the Honourable C. G. Power, with regard to voluntary enlistment.

I take the liberty to refer you to a most important statement made in the house by the right honourable the Prime Minister, on June 19, 1940, *Hansard*, page 922. In the forenoon, at a general caucus of the Liberal party, I had offered to recruit in my constituency, within

a week and for the defence of Canada, a regiment composed mostly of lumberjacks, farmhands and day labourers. I mentioned the fact that all those men would be in excellent physical condition and besides that, nearly all of them would have been familiar with the handling of a gun. I added that if every member did the same, we would have in a very short period of time an army of 245,000 fresh recruits of the best kind.

The remarks of the chief, which appear at page 922 of *Hansard* (last line of first column and first lines of the second one), honoured me by mentioning in the house what I had said at a caucus, but at the same time I was deeply disappointed as I happened to be the one he referred to on that occasion. Here is the text of his remarks:

"An hon. member on this side of the house made the statement publicly this morning that he felt he could go into his constituency and, by making it known to his constituents that this measure had to do with the protection of Canada and our own Canadian soil, bring forward in a very short time men from the forests, from the fields and from the factories, all prepared immediately to join the Canadian forces to resist any possible invasion, and that he would be prepared to guarantee that that could be done in constituency after constituency throughout the country, once it was understood that there was the necessity of defending our own Canadian shores. I pointed out to him that in doing that he might be making the greatest mistake possible with respect to the national interest; that, to win this war, we might wish to keep at work in the forests the men who are now working in the forests, to provide the timber which will be required for docks and wharves and required immediately; that the men who are working in the factories may be a thousand times more useful to the government of this country in giving their skilled labour to the manufacture of aircraft, munitions, or other weapons of war than they could possibly be in lining up and presenting themselves for military service; equally that on the farms, if we are to perform what will be expected of us, we shall need all the production that can be effectively and rapidly carried out on the farms of our country."

It was undoubtedly because my offer was turned down by the Prime Minister eleven months ago that no other member made a similar one until you did it yourself a few days ago.

After the chief had told me in very definite terms that "I might be making the greatest mistake possible with respect to the national interest" if I did some recruiting in my constituency, that very statement and the wide publicity given to it made it impossible for me as well as for any other member of parliament to do any recruiting in his constituency.

At that time the government had already announced their policy about conscription. In fact it was the day before that the Prime Minister had presented a resolution for mobilization of human and material resources in the present war. I wonder if it was precisely because of that new policy of conscription that members of parliament were prevented from doing recruiting on a voluntary basis, which would have shown that conscription was unnecessary to recruit as large an army as could be equipped and maintained for the defence of this country but, in spite of the rebuke that I received and which was evidently

inspired by the brass hats of the war departments because it was much stronger in the afternoon than in the morning, I did not remain inactive and I did my best to assist all those who expressed to me by writing or verbally their desire to enlist into the militia, the navy or the air force.

The policy of the war departments as put into effect by those who were in contact with the people was to give the least possible chance to those who were willing to enlist.

I cannot mention all cases, but I sent you copy of a correspondence of Antoine Lagacé, of Rivière-du-Loup, who has done some military service and who has written to three commanders for enlisting into the home guard: he was turned down because he was not a veteran of the first great war.

Another man, in a similar case, could enlist only because his brother-in-law was a sergeant, and it was considered something like a government favour to be accepted in the army.

I insist on that; it was considered a government favour to be accepted in the army.

How many men wanted to enlist as truck drivers, and how many were accepted?

I have mentioned in the house the difficulties that our boys had with regard to medical examination. Many difficulties have arisen from the fact that those who were unfit were accepted and those who were really fit were declared unfit. Finally, since the establishment of conscription, some who desired to enlist had to travel at their own expenses from Rivière-du-Loup to Quebec city and if they were declared unfit by your medical staff, they had to pay their travelling expenses from their own pockets.

Whatever could have been the intention of the government in the application of the mobilization act, in my constituency, I had the impression that everything was done not to recruit the best army, but to justify the uncalled for policy of conscription.

Please find herewith enclosed copy of letter which I am sending to-day to your colleague, the Hon. Minister of National Defence for Air. It is from Jean-Joseph Lajoie, who has a brother in the air force and another one in the navy. He says that he is so anxious to enlist in the Royal Canadian Air Force that, although he knows English very little, he is ready to spend the money that he has to learn it. I presume that he will have no opportunity to get there, although I am sure that he would do very well because that career appeals to him. I also enclose another letter to the same effect which I received to-day from L. Paul Ouellet, of Rivière-du-Loup station. It speaks by itself.

That man has been taken in.

My first cousin, Yves Bertrand, had won medals as an athlete and a marksman. Squadron-leader Stewart could tell you the trouble I had to have him enlisted as a gunner and it is only thanks to Mr. Stewart's intervention that he could get in.

Now, regarding the manufactures of munitions, you could be astounded in reading the letter from Donat Champagne, a settler of St. Elzear, in the back country of my constituency. I wonder if it would not be possible to secure work for him although he is a mechanic of great experience.

By the way, three people in the employment office in Quebec have been arrested because

they were selling jobs, and no one could get in unless he paid something to the people higher up. This explains why we have trouble. I mentioned the matter a long time ago to some people, but I never succeeded in getting anywhere until those people were arrested. I continue with the letter:

Sometimes, you may find that I am grouchy and of unpleasant disposition: there is always a reason for it and I will give some of them.

Before the war, I recommended more boys for the air services than any other member ever did. General Lafleche could tell you about it, and he was satisfied with those boys amongst whom was a nephew of your colleague, Right Honourable Mr. Lapointe. But now, since the war started, it seems as if French-Canadians were unwelcome in the army, in the navy and in the air force, and the first thing to do would be to remove all barriers seen or unseen, and, in the latter case, badly felt, which prevent French-speaking Canadians from enlisting when they are perfectly willing to do so.

In the first place, the medical examiners shall be competent and unbiased; they shall be thoroughly familiar with French language and easily accessible, which means that no one would have to pay travelling expenses to undergo medical examination which will establish definitely and to the satisfaction of the recruit whether he is fit or not.

In the second place, the French-speaking Canadians shall be under French-speaking officers and the men shall be in a position to expect and to receive legitimate promotions in due course. On this point, I will quote the case of Sergeant Major Leo Pinel who has been in the army for several years, had won all the cups and trophies of his regiment, and has been on guard at Buckingham Palace. Colonel DesRosiers could tell you about it, as I took up this case unsuccessfully with him.

I do not blame Colonel DesRosiers; he just placed my letter before general headquarters overseas. It continues:

That fellow is very popular in a certain part of my constituency. In fact, on the occasion of the opening of a new post office at Cabano, where his family lives, I paid a tribute to him as a sportsman and a soldier, adding that on account of his services it was expected that he would soon get the promotion he was entitled to in the army. At that point, there were prolonged cheers from the whole crowd. You will understand that if Pinel gets a well-deserved promotion it will have a very good effect for increasing voluntary enlistment where he is so favourably known.

What astonishes me is the considerable number of French-Canadians who have already enlisted in spite of so many obstacles to overcome.

It is bad for a man who is ready to enlist to have a door slammed in his face. He is not anxious to go back. The letter continues:

It is true that the members of parliament are more familiar with the feelings of the people because they are in daily contact with them, but if they convey to you suggestions that really originated from the people, whatever it is, you pay no attention to it and you seem to prefer to listen to the so-called military experts that Hore-Belisha has expelled from the war office.

I wonder if you ever realized that the success of voluntary enlistment in this war is largely due not to any public speeches, but to the painstaking efforts of the members of parliament who are spending lots of time with their people trying to explain and make as acceptable as possible policies for which they have never been consulted.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Chairman, my hon. friend sent me the letter to which he has referred, enclosing the memorandum—or a previous letter, I have forgotten which it was. As he understands, I could not go into a long and detailed correspondence in connection with the various matters indicated in the letter. But I did, as a matter of fact, make inquiries about it.

His first letter has to do with a statement made by the Prime Minister in the House of Commons with regard to the relative benefits of recruiting, and of the calling up of men under the National Resources Mobilization Act. If hon. members will refer to the passage in question I am sure they will realize at once that the Prime Minister was endeavouring to indicate that under the National Resources Mobilization Act provision was made for the postponement of those in essential industries. That, I believe, was what was meant by the Prime Minister's statement, and I do not feel that it would be a justification for my hon. friend's feeling that he could not take part in a recruiting campaign and in asking men to enlist.

The other part is more important, so far as I am concerned. It has to do with the welcoming of French-Canadians to the Canadian Army. May I say to the hon. member for Témiscouata—and this is no idle statement, no platitude—that I do not think any matter of policy has received more intensive attention from me than has that same matter. And I can say to my hon. friend that I have tried day in and day out, avowedly—I have made no secret of it—to see to it that just as far as possible our friends in French Canada are represented in the army, and are represented in as high places as they could possibly fill.

As a matter of fact Brigadier Archambault was recommened for a brigade in the third division, since I have been Minister of National Defence. Brigadier Reynaud has been made deputy quartermaster general. Brigadier Leclerc was given a brigade overseas. He has just been returned as being medically unfit. I may point out further that a number of staff appointments have been made.

I must say to my hon. friend and to the house and country generally that instructions at National Defence headquarters are that every effort should be made to see that French-Canadians have fair representation in appointments. There is no reason for not doing so; that is part of the national effort. It is part of the effort for the unity of Canada. I make no apology for taking that stand, and I believe hon. members of the committee will concur with me in the stand I have taken.

There are difficulties of course, and my hon. friend has pointed them out. One difficulty is connected with the question of language. I take the position that there are two official languages in this country, and that a man is entitled to speak French and to say, "That is all I can speak," just as a man is entitled to speak English, and to say, "That is all I can speak." May I pay this tribute to the French-Canadians, that there are far more French-Canadians than there are English who are bilingual—yes, far more.

The situation with regard to enlistments and appointments is this, that in connection with units other than infantry units a man who does not speak English finds difficulty. It is difficult for a man to hold a position of command or responsibility in those other units. In fact, it is difficult for a man in those units to carry on, unless he does understand English. The technical terms in connection with the artillery, signals, ordnance and army service corps is in English. It is therefore difficult to have all French-Canadian units in those particular services. But we are trying to meet the situation in two ways. We are having French-Canadian units as far as we can, and I want to pay my tribute to those units which I saw overseas representing the province of Quebec. They were fine units, wholly French-Canadian, and officered by French-Canadians. They have done a fine job, not only in the field, but through their second battalions, in recruiting reinforcements. Those as mostly infantry units.

We are also endeavouring to recruit French-Canadian artillery and other technical units. In that connection, in order that there may be coordination, because artillery units cannot be used alone but in conjunction with divisional formations, we have sought to have a sufficient number in the artillery units who are bilingual, so that they can understand the directions which are given. And we have a school now which is opening up to give special instruction. I think it is in the interest of the country that we should do this for the French-Canadian boys who do not understand English, particularly those in the technical units, so that they will understand the phrases and commands which are used, the articles which are referred to, and the orders which have to be communicated between their own and English units. We are doing that. We are endeavouring to form French-Canadian units and we are watching to see that our French-Canadians get fair representation, just so far as their qualifications permit.

I am sure that my hon. friend would not suggest on behalf of French-Canadians or anybody else in this country, at this time, when we need men who are equipped and trained and efficient that we should take men simply because of language or race unless they are efficient and have the necessary training. We are endeavouring to provide that training. My hon. friend will find that the French-Canadians stand up well in the officers' schools to which they go.

I do not think I can say any more, except to assure my friend that this subject is very much in my heart and in the hearts of the officers at headquarters. I know that he has not the same confidence in or the same warm feelings towards some of the officers at headquarters that I have, but I assure him, nevertheless, that the matter he speaks of is not being lost sight of either here or overseas, as he would know if he could see the exchange of cables which has taken place with regard to various French-Canadian appointments.

Mr. POULIOT: If I may ask one more question, will it be possible for charitable organizations to get for the people in need in the poorer districts some of the used clothing from the Department of National Defence as was done before?

Mr. RALSTON: I cannot make any general statement on that. I received a very special application last night, an application on behalf of sufferers in the recent forest fires in Quebec province, and I did authorize the use of some unused and some discarded clothing for that purpose, to the extent of helping something like six hundred persons. But answering my hon. friend's question, each case will have to depend on its own merits.

Mr. CHURCH: I was not here yesterday or on the last two occasions when the minister's estimates were before the committee and I wish to have about ten minutes this morning to offer to the government some constructive suggestions.

As to the point raised about home defence, there is no such thing as home defence in this country. The defence of this country, as I have pointed out before, is not going to be decided at Halifax or Vancouver or Saint

John or Montreal. It is going to be decided in the primary theatre of war, in Britain and on the Mediterranean and on the Atlantic.

Canada up to the present has not in my opinion measured up to its responsibility as the senior dominion of this empire in the matter of home defence, as I interpret it. Home defence is not as important in Canada as in Great Britain, where the people are within range of enemy guns and are in danger of bombs falling on them every night.

On the question raised by the hon. member for York South (Mr. Cockeram) and replied to by the minister, there are certain amenities in British public life that I do not find in Canada, and I believe that public questions should be discussed on certain principles as they are in England, where men are free to express divergent views. In the riding I represent I have held no public or other meetings and have discussed no politics whatsoever, only once a year to reelect officers. In my riding men and women's associations do nothing but war work.

At different times I have represented four or five ridings in the city of Toronto. I have been transferred around wherever there was a fight. But undoubtedly this is a different war from the last one, as the minister has said. In the old days a war might last only a matter of days. Now wars last for years and this one may last ten years in view of its widespread nature; it may break out again elsewhere. The war is different, too, because of the greater mechanization of the armed forces, the vast numbers of people involved and increased population. The hon. member for York South comes from the Toronto district. He is a soldier and belongs to a regiment I have not seen much of, but which the late Sir John Eaton and the late Colonel Boyd Magee many years ago came down with me to Ottawa to raise in the great war. Another was the 75th battalion. I was interested in a sort of city's own battalion.

I believe that a member of parliament should offer constructive criticism of the government, not of individuals in particular departments. The question that has arisen between the hon. member for York South and the Minister of National Defence arose in the British house in the days of Peel, Palmerston and the Crimean war, and this one. But in this war the principle was laid down both by Mr. Chamberlain when war broke out and by Mr. Churchill that a member of parliament can enter the British house wearing his uniform. It is the right and privilege of a soldier member of parliament to exercise the principles laid down by Burke in his address to the electors of Bristol, outlining the functions and duties of a member of parliament, and stating that the exercise of his rights must not be interfered with. That relates to peace only, though. In war there must be of necessity some difference.

As I have said, in my constituency I have held no meetings since the war started except executive meetings for the election of officers once or twice a year. The hon. member for York South was within his privileges, as I see it, in making any criticism he saw fit to make in war time of the work of the department if he did it within the house. The minister in his reply, in effect, laid down the general principle followed now in the British house I believe. I notice that in the British house in a week some forty-six questions were asked on the orders of the day on war and defence, and they can ask supplementary questions there. We can here too according to the evidence in 1929-30 by the committee which revised the rules. We are bound in the end by the British rules.

Turning to other matters I am glad that the minister has reduced soldiers' fares one-third; he did good work in that, I know. I hope that all charges for soldiers' fares will be eliminated next year. The hitch-hiking order should be rescinded, and I would like to see it done. The minister last year wrote a letter to me and to three or four other members of parliament about hitch-hiking and suggested that we had better appeal to the motor league. We did make an appeal, and I think the minister himself made a very strong appeal to motorists. That order ought to be rescinded, if I may respectfully suggest it. In England almost every car has a little sticker on the windshield, I am told, saying "Soldiers invited. Free rides." I was on the outskirts of Toronto at York Mills not long ago and one Sunday night I saw fifteen soldiers for Camp Borden trying to get a car ride, but everybody passed them by. On the 24th of May on my way to the Argonaut club secondary schools regatta, I passed two young soldiers in front of the exhibition grounds, and I saw the two still standing there on my way back an hour afterwards. I gave them a lift. The groom sat in the front seat. They belonged to the Irish regiment. I asked him where he came from, and he told me from such and such a street. "I am going to be married," he said, "at seven o'clock to-night by the chaplain." He said the soldier in the other seat is the best man; said he was a Scotsman and lived on Roncesvalles avenue, which is in the riding of the hon. member for Parkdale, but he did not know him. I asked him what school he went to. He said he was just out of Parkdale collegiate. I said I went there myself once. I asked the groom-to-be on what street he lived. He said that

he lived on Pape avenue. I said, "Who is your member of parliament?" He said, "Tommy Church." He said to me, "Do you know him?" I said, "I never heard of him." Well, I took them to within a block or so of the place of the wedding. They asked me if it was right to go to the bride's home before the hour named with the best man. I said, no; she might change her mind. They asked me to the wedding, but I did not go. But the point I wish to raise is the principle involved in this regulation. I saw a thousand cars pass that baseball park in two hours on their way out to Sunnyside, on the road which, while I was chairman of the harbour commission, my board was responsible for constructing along twelve miles of waterfront. Those motorists are supposed not to help soldiers on their way. They might do so, but did not.

I think that that hitch-hiking order has somewhat hurt recruiting, and I appeal to the minister to rescind it. I do not wish to offer the government anything but constructive suggestions, but criticism is a tonic and stirs governments to action, so long as it is founded on fact and is not actuated mainly by party bias or a desire to embarrass. The responsibility under our constitutional practice is on the government and minister. It is a heavy task at such a time as this. In my opinion the order is illegal, yet young fellows from Toronto who have enlisted in the service of their country are fined $5, which they can ill afford out of a week's pay. At Camp Borden you have a most able, popular and excellent officer. I am sorry to have to mention his camp in connection with this matter, because I do not wish a thing like hitch-hiking to interfere with a lifelong friendship for him. But I insist that the order is illegal, and I may mention that the provincial minister of highways, Hon. Mr. McQuesten, wrote to me that the Ontario government had never prosecuted a man under that order, and magistrates I have consulted tell me that they have never had a case like that before them. Why should a man getting only $1.30 a day be subjected to treatment of that kind? I appeal to the minister to reconsider this matter. He did good work in connection with the appeal for free fares; he approached the railways immediately and obtained some results. But the time has come when we should provide these men with free transportation, particularly when one remembers that 700,000 free civilian passes are issued every year.

Another matter should be mentioned at this time. The other day I travelled on the train with the chancellor of the university of Toronto on our way to the unveiling of the Macdonald memorial tablet. I do not often see the chancellor, who is an old friend of mine, but I had occasion to observe some things which he did not seem to notice. At the rear of the morning train every morning recently, going to Kingston was one car which, when we stopped at Trenton, was soon filled by men of the air force. Indeed last Monday it was so packed with air force men and so overcrowded, there was no room for other soldiers who joined the same car at stations further on. I do not know why this overcrowding is necessary on the Canadian National Railways. Quite a number of cars used on Canadian National trains consist of old-fashioned carriages built at least thirty years ago. It is a shame that troops should be transported in that way all over Canada. They should have first-class accommodation. The minister wrote me and got some reform recently.

Then as to meals on the trains. The minister conferred with the management of both railways about a matter I raised as to the heavy cost of meals on trains, and secured some reduction in the cost of meals for soldiers. I am glad to see that, but in my opinion a corporation such as the Canadian National Railways which has spent vast sums on branch lines and entertainments, and which has received hundreds of millions of dollars from the public, should give further relief to the troops as to meals and trains and accommodation.

I believe the minister is making some inquiries about the records system. How does it come about that, in connection with the victory loan, announcements can be made every day in the newsapers of how many subscriptions by municipalities have been received, the amounts of individual subscription, and so on, when it is so difficult to get information about recruiting by municipalities? I know it is hard to do. I believe that there is need for a change in the records office system to the unit system. Last July the civic board of control allowed to General Alexander clerical civic help—three clerks to do this for Toronto for the army. I asked the Royal Canadian Air Force to do it for the manning pool. In June Deputy Minister Duncan said he could not do it, but in July again he wrote he would do it. Why cannot the records be segregated so as to show the figures with relation to every district, every municipality? These facts will have to be available when the war is over, if only to enable the authorities to deal with matters of old age pensions, relief, hospitalization and employment. I hope that something will be done in this connection, although I admit it will be a heavy task.

Another matter which requires attention is the utilization of public property. I obtained a return with regard to what has been done by the various Canadian universities in Canada to supply the government with facilities. I will name just one university, the great university of Toronto, which did so much in the great war in arts and medicine and science and the noble contribution of graduates and splendid undergraduates, men who never came back. In that war the university of Toronto put all its buildings and other properties at the disposal of the Royal Flying Corps and army. The city did much the same; they turned over to the department, free of charge, all the exhibition grounds and splendid buildings which have a commercial value of $22,000,000. The school board lent free of charge all its buildings and other properties. I am not criticizing our great university in respect to the present war; far from it. They gave all that was asked, no doubt, but I notice that the government has rented various stores and properties near my own office and on our main streets. A building which is not fit for recruiting has been rented on Albert street. But little seems to have been done by institutions which enjoy exemption from taxation. The university of Toronto, the return shows, has contributed only a basement in the engineering building, and accommodation for a rifle range has been provided in a room at Hart house and a small house at 184 College street. But why should the government have to pay for practically all the accommodation it requires when there are exempt properties for education, schools and church property? The Ontario government has, in this respect, taken the lead among the provinces by making available to the department its properties at Guelph, St. Thomas,, and many other places, including new Ontario, and it is willing to give more. Yet the federal government has rented from the Quebec government a large property in Quebec for five years at a rental of $177,000, to be put to other uses no doubt later on.

A word with regard to the officers and the staff. The minister's predecessor, the lamented young gentleman who occupied that office at the outbreak of the war, wrote to members of parliament the second day after the war broke out asking us not to use any influence with the officials of the department to secure appointments for persons as commissioned officers and otherwise in the public service. I believe hon. members have respected that request. I know that I have, because I never got a man an appointment. I have been here since 1921, and I have yet to get any man an appointment any place in Ottawa; if I asked for it I know I would not get it, even to-day.

Reference was made last evening to Major General Harry Crerar. I have known his whole family for a great many years. I have not seen him since before this war began. It was a splendid appointment. He is a brother-in-law of the late Sir Adam Beck. His youngest brother, Malcolm, was killed in action when he was 19 years of age while serving with General Allenby. He had only been out of the Royal Military College about six months. The general and his other brother served in France in the great war. His mother, the late Mrs. P. D. Crerar and his sister, Lady Beck, were the finest patriotic workers in Canada. I am not here to defend him; he needs no defence. I believe he was recommended as the minister said by General McNaughton. However, there are one or two other brigadiers who I know should not have been appointed. One of them, I was told by a fellow member here, claimed he had eight senators supporting him. Whether that is so or not I do not know, as the minister has said he is sure there is no political consideration given in such promotions although many others claim they can get no promotion.

One or two other things I wish to mention. The first is that of the soldiers' bonus. If by means of an act of parliament, or by rules of construction relating to it, we are to give a new bonus to certain officials in the Canadian National Railways, or to some of their officials who enlist for civilian and military work and still hold their positions and are not going to the war, something should be done in the matter of soldiers' free transportation. If anybody is to get a cost of living bonus the soldiers should get it; the men receiving the $1.30 a day should have some consideration as is the case of the civil service.

So far as home defence is concerned, I have already raised this question; I say that we have no home defence in municipalities, but local militia. They can have all the black-outs they like; they have some soldiers as home guard—they have already got it started as well as the air raid precautions I referred to here in 1938-39. My views on this matter were expressed as soon as the war broke out, and again in May, June and July of last year. I thought we should follow the example of Finland, and train every man, woman and child to handle a rifle. I interviewed the present minister on the home guard matter. That is the proper course for a sparsely populated country like Canada. There is no use in letting the people think they are protected with black-outs, trying to persuade the people of Canada, in every municipality, that they have home defence when they have nothing of the kind, suggesting that we are

armed for an emergency in all places, when in some towns and small places we have not so much as a pinwheel, a firecracker or a skyrocket for home defence. The hon. member for Témiscouata, when speaking the other day on the needs of his own constituency for defence remarked that you cannot blow your nose in this house without saying that it is for the war effort: everything is "for the war effort".

We are assured that the British government consents and agrees to everything which this government has done. That is the reply given to everything mentioned. I do not know whether they consented to the hon. member here blowing his nose and agreed that that too is part of the war effort. But everything, it is said, is consented to by the British government; they asked for it, and it is all right; and this we are expected to believe, without any document supporting it, because somebody says so.

In my opinion people should be told the truth and the grave danger we are in. So far as the municipalities are concerned, there is no such thing as home defence. I discussed last July the question of air raid precautions with the minister and the deputy minister as to adopting the Finland way. I did so three months before the matter was taken up by the provincial authorities in Ontario. I suggest that we should follow the example of Finland and have every man, woman and child taught to handle a rifle. Miniature ranges should be established all over Canada as the first step in local defence, and air raid precautions also are necessary.

We have an information department which is known here as the publicity bureau. That is the only bit of humour I have heard during the session apart from one or two other examples. A publicity bureau giving only propaganda information.

I was speaking a little while ago about the amenities of British public life. As we all know, pacifists like Morrison, Alexander, MacDonald and others one could mention were promoted to the cabinet. The First Lord of the Admiralty, Mr. Alexander, reduced the navy from 72 to 50 capital ships, would not build destroyers, and Britain was no longer a first class power. Mr. Morrison, head of the London County Council would not allow certain facilities or buildings to be used by the air force three years ago, and Mr. MacDonald a pacifist, who helped with the Irish bases, was league-minded. Our information bureau now has at its head a gentleman who was a pacifist and isolationist, who introduced into the house on March 31, 1939, a bill which I talked out, because it had for its purpose the declaration that when war came we would be neutral and parliament would decide. I objected to our small militia votes.

Who is to blame for the absolutely defenceless position of the country when war broke out? The answer is that all parties were responsible, because, almost everyone in the house seemed to be saturated with the Geneva fad, the Geneva nonsense, with the result that we reduced our army, our air force and our navy to practically nothing—so much so that Hitler thought that some of the dominions would not come to the support of the motherland but would remain neutral.

As regards the question of theatres of war, it is my opinion that the primary theatre, Great Britain, should be looked after. Canada has only 80,000 troops in England. We should have a large army over there so that when Britain has achieved the mastery of the air they might help Britain take the offensive, with the aid of the fleet.

Coming to the question of cadet services, I may say that at one time I was the only member of parliament who stood up for this highly essential institution when every attempt was made to abolish it in the years from 1932 to 1937. In fact, it was abolished by the school board of Toronto. But if it had not been for the cadet services, away back in the time of the Northwest rebellion and the south African war as well as in the last great war and this present struggle, I do not know where the militia would have been in Toronto. The cadet services are a valuable auxiliary, and always the backbone of the militia.

As regards the medical services, the minister stated that 14,000 men had been discharged since the war started. In the pension committee I think the figure given was 1,800 in one month. The minister of pensions has done good work in pensions, as he did previously when at the head of the army, and I trust these men will be generously dealt with.

The only question I should like to discuss for a moment now in conclusion is one that was raised by the hon. member for Parkdale (Mr. Bruce). I have myself discussed it on four or five different occasions. I say now that we could have done better, even under a voluntary system, and could have had a volunteer army of 750,000, if recruiting had been encouraged, instead of on again, off again, on again. The present minister is not altogether to blame, because he took over the department when recruiting had fallen down and enthusiasm had been somewhat spent. The fact is that nothing was done to encourage young men who were eager to enlist at the right time and tried to get

in. I remember seeing outside the armouries in Toronto at 9 a.m., men who stood there between the hours of six and nine in the morning on January 6, 1940, when it was eight below zero, a line-up of men who quite obviously were anxious to get into the army; but these men were not even allowed to go into the armouries so as to get out of the cold. Here are the newspaper pictures of it. There were young fellows from Mimico and Aurora and other districts who were wearing sweaters at the time, and many of these young fellows had to get a meal at the Scott institute. There has been a considerable improvement, but I suggest that if the minister cannot get recruits he should adopt some other method. He should study the situation critically between now and the time parliament reassembles and be prepared to make a report that will satisfy the people as to whether it is necessary to take other methods. We compel our citizens to be educated in order to be able to take their places in civil life, and I do not see why one of the first essentials of education for responsible citizenship should not be training to fit men to defend their homes and their country. If we compel every worker to insure himself against the chances of unemployment in industrial life, while working with the vast mechanization of to-day, and the discoveries in arts and science and other matters, why not also equally to insure oneself and one's fellows against this present German disaster, which means not only loss of wages but of the very life worth living for free men. The only European countries which did not have compulsory service were little Luxemburg and Vatican city.

Australia and New Zealand have had compulsory training and service for home defence for many years—true for home defence mostly, as they are so close to Japan.

Conscription is the only system that is just to all; the pity of it is that in the last war it was mixed up with politics and never had a chance. If we had run the voluntary system properly it would not be necessary. As I said in 1937 and 1938, the most exposed provinces are the maritimes, Quebec and British Columbia. Are we going to wait until the enemy appears on our own soil, as it did in the small countries of Europe, with its vast mechanization, and brutality and savagery, before we get a proper army, navy and air force and raise a million men?

With regard to recruiting, we could have had 750,000 men under the voluntary system if we had gone about it properly. Compulsory national service is the most democratic system that could possibly be devised. Under such a system none can complain. All are treated alike; all are required to render the same sort of service, to submit to the same system of discipline. Nothing increases so much the spirit of loyalty and patriotism as service. To make every citizen feel that he, individually, is part of the defensive force of the country would make him justly proud; the physical and mental training and discipline and practical instruction which is part of the education of a soldier to-day, would make him a more valuable citizen in every way, and the time spent in his military service would be returned to him many-fold in increase of efficiency and ability for sustained and disciplined effort in all his subsequent career.

National service is fair in principle, avoids discrimination and the practice of substitution or securing an exemption by payment of a stipulated amount. It makes a better man, a self-respecting man—in all, a better citizen. We can only become really strong and invincible when every man in the broad expanse of our land can be taught cheerfully to recognize his obligation of service and to take pride and satisfaction in the knowledge that he is a qualified defender of our common liberties and one of the guardians of this glorious land.

By the New York State constitution, all able-bodied male citizens between the ages of eighteen and forty-five, who are residents of the state, constitute the militia. There is no more danger of our nation becoming militaristic through preparedness than there was that the students of colleges would become ruffians or prize-fighters when the colleges made attendance in the gymnasium compulsory. There is more danger of militarism from unpreparedness than from the maintenance of a sufficient army and navy. Can anyone doubt that any great defeat suffered by this country in war would change this country to a militaristic nation, because the man of the sword would become the national hero, since through him our national rights could most potently be restored?

The late Mr. Hamilton Merritt in his book on national service, is responsible for the last fifteen lines which I have quoted with reference to the state of New York.

I have just a few more words to say. I have received a letter from a lady who has a son in Singapore. He has been with the navy and has been anxious to come home on leave. He has six months' leave, but the foreign exchange control board will not give him any Canadian funds to come home, and his father and mother are ill. I do not like to be sending the minister letters all the time. If all members send him letters it would mean 245 multiplied. Also a traveller on the train from Montreal met a boy the other day whose mother had died. He had no funds with which to get home; he had had a hard

time getting enough together to get him to Toronto and it will cost him three weeks pay. I hope the minister will be able to arrange for a fund of some kind to take care of cases like this. I apologize for detaining the committee, but I represent a military district and I get a great many complaints. They do not all belong to my riding, but for some reason or other they write to me. I should be glad if a lot of them would write to somebody else, because I do not want to take up the time of the house and of our overworked officials.

We do not know where we are going to be until we come back here. Everything is as usual in Canada and every member of parliament should see that it is not as usual. You cannot go into any amusement place without seeing it. I had a complaint this morning from a man whose son was killed in the present war off England. He served with the 1st battalion in the last war and he complains that people are asking him to enlist. The boy's mother has received some kind of cross from the government which she appreciates very much, but the father has been stopped, even by soldiers, and asked to enlist. I think such men should be given some sort of button to wear.

Mr. BRUCE: Mr. Chairman, I should like to commend the very encouraging statement made this morning by the Prime Minister (Mr. Mackenzie King) and express the hope that it will have a splendid effect upon the morale of our people. I also hope that the spirit as well as the words of that statement will be carried out. If the facts were given to this house, as they are in the British House of Commons, I am sure that we would all agree with what the hon. member for Edmonton East (Mrs. Casselman) is reported to have said a few days ago. I quote:

> I see no value in criticizing until fully informed upon a subject, and then being prepared to offer suggestions for improvement.

May I digress for a moment to congratulate the hon. member for Edmonton East upon her recent success at the polls and to voice the opinion that by her grace and culture she will prove a valuable addition to this house. My only regret is that the whip did not see fit to place her opposite these benches.

Although the Minister for National Defence (Mr. Ralston) placed the blame for the lack of essential equipment for the troops in Canada upon the Minister of Munitions and Supply (Mr. Howe)—

Mr. RALSTON: I must interrupt my hon. friend. I have placed no such blame. My hon. friend is used to making that sort of insinuation and I ask him to withdraw that statement. He will not find it anywhere.

Mr. BRUCE: That was my interpretation.

Mr. RALSTON: My hon. friend has no right to say that. I ask him to point to a single sentence upon which that interpretation could be placed. My hon. friend is too prone to do this sort of thing.

Mr. BRUCE: May I just finish my statement?

Mr. RALSTON: I am interrupting to object to my hon. friend stating that I placed the blame for lack of equipment upon the Minister of Munitions and Supply. That is absolutely untrue. There is nothing in the records to justify that or from which my hon. friend could make an interpretation of the kind.

Mr. BRUCE: I shall leave that to members of the house.

The CHAIRMAN: A point of order has been raised in connection with statements made by the hon. member for Parkdale reflecting upon something that has been done by the Minister of National Defence. The Minister of National Defence raises a point of order and has made a statement with respect to his own declarations and with respect to his own actions. Under the rules of the house an hon. member must accept a statement made by another hon. member with respect to what he said or did not say. Therefore, I request the hon. member for Parkdale to withdraw the remark from which such inference could be drawn.

Mr. BRUCE: I abide by your ruling, and I am glad to withdraw the conclusion which I thought I was justified in arriving at from the remarks made last evening by the Minister of National Defence.

The Minister of National Defence will then have to assume responsibility himself for the deplorable situation disclosed by the hon. member for York South (Mr. Cockeram). As he pointed out, there has been widespread dissatisfaction with the functioning of the defence department, which I believe is partly due to the confusion engendered by the constant changing of plans for training. That is not only my own view; it is held by others. I should like to quote as evidence an article written by Mr. Williamson, a veteran of the last war and now secretary of the Canadian

corps. This is entitled "We can't run two armies" and was published in *Saturday Night* of May 10. It reads:

There should be only one army and it should be an extremely active army. Canada is not defensible with any force that we could raise. If Britain falls, we fall. An army for home defence may contribute to that fall. It will sap the strength of the overseas army. It will take men, money and equipment. It will add complication to an already muddled situation. The thirty-day and four-month schemes were bad enough in all conscience, but to immobilize thousands of our young men for duration is madness. It would unnecessarily impede our industrial output; it would be unfair to the voluntary army overseas, and it would add nothing to the safety of the country.

The utter failure of the reserve army, as a source of reinforcements, must now be plain to all. It is no longer to be considered as a reserve. It is to be moved to the sea-boards as an army for Canada's defence, a duty it could never perform. Its failure is so abject that already it is proposed that units of the third and fourth divisions are to be broken up for reinforcements. This did not happen in the great war until four divisions had gone through the hells of Passchendaele and the Somme. With the announcement of the latest scheme, it is admitted that it never was in fact an effective reserve. The minister now says that the organized units were, in great part, composed of men unfit for service or of those who, for personal reasons, could not go overseas. It may be nothing more than stupidity that has brought us to this pass, but the government is not keeping faith with the men who have volunteered. It has gambled, and to-day is gambling with the existence of the empire and of Canada at stake. There must be one army and one type of enlistment from this point on. Battalions of veterans and lower category men can undertake such duties as are necessary in Canada.

I received a clipping the other day from the Winnipeg *Tribune* of May 28 containing a letter in favour of conscription. I shall not read the letter, but I should like to refer to the editor's footnote which is as follows:

Recruiting figures show that the number of active service force volunteers, per thousand of population, is higher for French-Canadians than for English-speaking Canadians.

No one would be more pleased than I if that were true, but so far as I am aware no reply has been given by the minister to the questions which have been asked in connection with recruiting in the various provinces, unless it was his speech of May 12 last, when he said:

The thirty-day plan for compulsory training was accepted by every province including Quebec. The four-month compulsory training plan was accepted by every province. I may say that young men in the province of Quebec have come to the camps in larger surplus numbers perhaps than in any other province.

I submit that this statement does not justify the interpretation placed upon these words by the editor, and I would ask the minister to clarify the situation by giving the figures previously asked for, as well as the figures to date, of active service force volunteers per thousand of population, of French-Canadians and of English-speaking Canadians respectively, so that there may be no cause for misunderstanding. I think it would be very helpful if the minister also would give a break-down of the recruiting figures for the various military districts in Canada up to date, showing first the number enlisted for active service overseas, and second those enlisted for home defence. In this connection I should like to ask the minister if any of the men previously discharged from the army for the reason that they were not regarded as likely to become efficient soldiers are being reenlisted. I am informed that this is so.

Heretofore we have been lulled into a sense of false security by the statements made in this house that more men were not needed. Can anyone doubt to-day that men were urgently needed, when one recalls with chagrin what happened in Libya, in Greece and in Crete, where British armies suffered a severe defeat because of lack of man power? Still more men will be needed if we are to play our part as loyally as have the other dominions of this empire.

The Minister of National Defence is modestly asking for 32,000 men. Has he any expectation that this will meet even our immediate needs? I venture to say that if Canada is to play its part proportionately to the other dominions we will need to raise at least 300,000 men. Instead of four divisions we should now have twice that number. A Canadian Press dispatch from Hamilton, New York, dated June 9, containing a report of the speech made by the minister to the graduates of Colgate university, at which time he received an honorary degree—on which I wish to congratulate him—contains this statement:

When war began, we had 10,500 men on active service in the three fighting services, and to-day in those services we have a quarter of a million men enlisted to serve wherever duty may require them, together with a reserve army of 175,000, subject to call for the defence of Canada.

This makes a total of 425,000. Since this figure very greatly exceeds the figures given to this house so far by the minister in regard to those on active service who have enlisted for duty anywhere, will the minister say whether or not he was correctly reported?

Mr. RALSTON: I can say now to my hon. friend that I am correctly reported. That statement has been made frequently.

Mr. BRUCE: I understand that we have had a third Canadian division at Debert for about a year. I should like to ask the minister if they have received sufficient training to be ready for active service, to face the enemy on equal terms. If not, is there any reason why they should not receive that training in Canada? If these troops can be trained in Canada, and I see no reason why they should not be trained here, then to me it would seem almost a criminal imposition upon the hospitality of an overcrowded, harassed England, to ask them to provide food and space to enable these troops to complete their training after they arrive in that country.

As a veteran of the last war I feel it incumbent upon me to express disagreement with the attitude of the minister towards members of the reserve army who are also members of this house, in respect to their right of criticism either inside or outside this house, in connection with the preparedness of the armed forces. I do not propose to enter into a discussion of military law, upon which the king's regulations and orders are based, but I should like to quote from a speech made by Mr. Churchill in the British House of Commons on November 21, 1940:

> I entirely agree with what has been said about the desirability of members of parliament serving not only in the military services but in all other forms of warfare and discharging their parliamentary duties at the same time or in alternation. No doubt difficulties arise, but I think they are well covered, and that the good sense of the house and of hon. members will enable these dual and occasionally conflicting functions to be discharged.

During the last war, as well as this war, there have been notable instances of such criticism in the British House of Commons. For instance, Admiral Keyes spoke in criticism of the Norwegian fiasco, and during the last war Admiral Beresford also criticized the government. If this can go on in England under the stress of war surely it would have been better if the Minister of National Defence had not insisted on too legal an interpretation of the words rather than the spirit of the king's regulations and order.

Mr. RALSTON: Mr. Churchill was talking about speeches in parliament. I have raised no objection to speeches in parliament.

Mr. BRUCE: I think I am right in assuming that the minister did object formally in the house.

Mr. RALSTON: Well, if my hon. friend has another assumption or impression or interpretation I am saying that I did not.

Mr. BRUCE: Of course I am bound to accept the minister's statement. I would suggest to him that criticism is often the truest form of loyalty. Prime Minister Churchill evidently thought so, for in his statement in the British house a few days ago he said:

> No one, however ministerially minded, could possibly complain of the tone, temper and matter of this debate. The kind of criticism we have had to-day—some of it very searching—is the kind that the government not only accepts but welcomes.

May I express the hope that the ministerial benches will profit by this statement by Mr. Churchill.

Mr. RALSTON: I adopt that statement of Mr. Churchill's in November.

Mr. BRUCE: I am very glad to hear the minister make that statement.

Mr. RALSTON: That is exactly what I was suggesting, that there would be conflicts from time to time and that I thought they could be reconciled; and that is what Mr. Churchill has said.

Mr. BRUCE: I had not intended during this session to reply to the minister's totally unjustifiable attack upon me on May 12 last, but since the subject has been again opened I feel called upon to make some comment.

It was a little over a month ago that I recommended selective compulsory enlistment as the only fair and efficient way to meet the complex needs of Canada. As I stated then, I now repeat, I spoke then and now speak only for myself. The minister characterized my remarks as a blow at our national unity and, whether I intended it or not, an attempt to undermine it. I entirely dissent from that view. In my belief there is nothing that would better promote national unity than the idea that every citizen in Canada, irrespective of his racial origin, is playing an equal part in this great struggle.

The other day the Minister of Finance (Mr. Ilsley) stated that equality of sacrifice, according to ability to pay, has been the basis for taxation. I ask that equality of sacrifice, according to the ability to serve, should also be the basis for enlistment. I believe that one large section of our population, the French-Canadians of Quebec, are as much concerned about the preservation of their freedom and the survival of the British empire as are any other sections in Canada. To suggest otherwise is an insult to their loyalty.

I should now like to quote from a French-Canadian newspaper to show the changed attitude in that province in respect of Canada's participation in war outside of Canada. I

hold in my hand an editorial from *Le Soleil* of Quebec, June 4, 1941, and, I quote in part, as follows:

It could not be otherwise, because we are the most genuine and the truest Canadians. We have said that among us, as in all the other provinces, there will always be a sufficient number of volunteers to defend our country—even if to defend Canada it is necessary to meet the enemy on another ground to prevent them from coming here. No intelligent and bona fide Canadian doubts this. On the other hand, everything shows that Canada is menaced. The theatre of war is enlarging. Who would refuse to admit that it is better to prevent Canada from becoming a battle field? That it is better to spare our women and children the unfortunate lot of the women and children of Europe? That it is better to meet the enemy where they are and halt them in their march toward America?

I am afraid, however, that the question has been approached rather from the point of view of political expediency than in any other way. I may say quite frankly that at the present time I am not concerned about the fortunes of any political party, but I am concerned about the survival of Canada as an integral part of the British empire. If we lost this war Hitler would very soon get rid of all political parties, as well as our democratic way of life. Nearly a year ago the United States, although not at war, called up 1,000,000 men for compulsory selective draft. I believe the word "draft" is a better word than the one which I did not use in my former speech, but which was used by the minister himself—"conscription".

Surely after nearly twenty-two months of war, and with the disasters which have happened in Europe staring us in the face, we should now be eager to throw aside all political considerations, and to face stern realities. We should be ready to adopt the speediest and fairest means of securing man power to meet immediate and future needs, both in the field and in the factories.

Mr. RALSTON: That means conscription of labour, as well, does it? That is the way I would understand it. I am asking my hon. friend if that is what he does mean.

Mr. BRUCE: I believe a system of selective draft for all, whether in the army or otherwise, is the better way. It was accepted in the United States without protest, and it did not cause disunity, because the president was wise enough to call into his cabinet two outstanding Republicans, Mr. Stimson and Mr. Knox.

A few evenings ago we listened to an almost frantic appeal from Lord Beaverbrook for more tanks, more ships, more aeroplanes and more men. He said that life was in the balance, and made an urgent appeal for more help from Canada. The Hon. Ronald Cross, on his way to Australia, expressed himself in similar terms. These men I submit are in a most advantageous position to know what the real needs of the present situation are overseas.

When in his speech on May 12 the minister referred to me as one who spoke glibly and without thought, he made an incorrect statement. When I advocated a change in the system I spoke only after the most mature consideration. I would point out to him that it is the realist who is serving Canada and the empire best at this time. I would also give him the same reply I gave to the Minister of Munitions and Supply (Mr. Howe) on June 5, 1940, when I spoke in the house regarding Canada's ability to make tanks. The Minister of Munitions and Supply said as reported at page 309 of *Hansard* 1940—and I took it that he was referring to me, and to something I had said on May 28, 1940—

So when a man stands up and makes reckless statements about two firms in Hamilton that can build tanks—

And so on. I replied as follows:

I wish to tell the minister that I am not in the habit of making reckless statements.

And I say to the minister of defence that I am not in the habit of speaking glibly in the house.

My whole training and habit of life have been to observe scientific accuracy, and I resent the minister's accusation.

The Minister of Labour in England, Hon. Ernest Bevin, speaking on June 6 in the British House of Commons, said that the next three months will be the most vital in our history—a forecast which may be only too accurate.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. BRUCE: Mr. Chairman, when the committee took recess I was about to speak of a matter to which I referred in a resolution which I put on the order paper on June 3 last, and which reads as follows:

Whereas criticism has been made regarding the lack of any recognized comprehensive training plan to which training can be adjusted, as distinguished from our military plans of operation,

Therefore be it resolved that, in the opinion of this house, a planning committee should be set up to devise a training plan in keeping with the tremendous changes that have taken place in military science since the beginning of this war.

I would not venture personally to suggest a training plan but I am going to give a brief synopsis of a training plan proposed by a

competent artillery officer who served in the last war and who has been connected with artillery organizations ever since. He says:

Officers of vision and imagination should be chosen to constitute a military planning committee for the purpose of devising a master training plan.

Might Canada not be used as the training ground for the main hitting force (or shock troops) which will be used for victory? The Canadian corps was used as shock troops in many historic battles in the last war. These "shock troops" are highly specialized men whose job it is to break the resistance of the enemy and pave the way for the movement of the larger formations.

The "shock troops" are armoured divisions working in close cooperation with aircraft specially trained for this work. The larger formations already organized to resist invasion in the British isles, added to their normal dense population and the difficulty created by German air raiders, will add enormously to the task of training specialized "shock troops" needed in modern offensive.

The same ideal conditions found in Canada, which have enabled us to make a great success of the commonwealth air training plan, exist for the specialized training of armoured divisions.

It is believed by competent military authorities that ultimate victory depends upon the organization of a larger number of extremely mobile armoured fighting units, manned by a relatively small number of highly trained men. It is almost impossible to give adequate training for this purpose in Great Britain. No country in the world is more admirably suited for this purpose than is Canada. If this is to be our role, then Canada should specialize in the training and coordination of land and air forces suitable for attack.

Referring further to the training plan he says:

It may be necessary to create a distinct air army for the armoured fighting forces.

Germany did not delay her training until she had all necessary equipment, guns, et cetera. She used improvised equipment.

One thing that will probably attract recruits more than anything else is the knowledge that their time will not be wasted and that from the very day they enlisted their abilities will be directed into useful channels. In the opinion of many competent officers, nothing is deterring recruiting more at the present time than the fact that our young men know how ineffective the training of our land forces really is. Such methods, i.e., the use of improvised equipment, were used by Germany for years and it would be futile to deny the effectiveness of the methods they adopted for training for land forces. The urgency for such a national training plan has been stressed on many occasions by representative military groups and the urgency becomes more apparent every day as we sit by and read of continued German victories.

I think the best answer I can give to the minister's charge that I was attempting to drive a wedge of disunity into Canada's war effort and that my suggestion was ill-timed and unnecessary will be to quote from a letter of Major-General Elmsley, D.S.O., C.M.G., appearing in the *Globe and Mail* about a week ago. General Elmsley was chief of staff at military headquarters here and is one of Canada's most distinguished soldiers. He spent thirty-three years as a professional soldier, of which seven were spent in war, which should surely equip him to speak with knowledge and authority; and I think his opinion should command the respect of all. The letter to which I refer will be found in the *Globe and Mail* of June 7. I quote it only in part. General Elmsley says:

Conscription honestly administered without political interference ensures equality of sacrifice, and equality of sacrifice in a democracy ensures unity. What, then, is this question of disunity that is referred to so often by politicians but never openly discussed in actual words?

We of Ontario and other provinces feel that Quebec has been represented by the existing government as irrevocably opposed, en masse, to conscription. This I cannot believe, for two reasons.

1. As a Roman Catholic I am of the same religion as the majority of the people of Quebec, and our church maintains that we should take up arms in support of our government in a just war, and there is admittedly no question about the justness of this war. No Roman Catholic either of Quebec or of any other province can therefore refuse his armed support to his government on religious grounds.

2. As a soldier by profession of thirty-three years' service and of this seven years spent in war, may I state that I have served under French-Canadians as my superior officers, with French-Canadians as my equals and under me, and they have proved repeatedly in peace and in war that they are a gallant and honourable people. . . .

Mr. LAPOINTE (Quebec East): The hon. member should say that to Doctor Shields.

Mr. BRUCE: He will probably be able to read that.

Colonel Ralston has stated publicly that there is no need for conscription. Others have said with equal emphasis that we have come to the end of our resources of man power on a voluntary basis of enlistment. Only the results of the present appeal for an additional 32,000 men on a voluntary basis will give an indication of the correctness of these claims. It is certain, however, that heavy fighting and heavy casualties are bound to occur in the near future, and the question will arise shortly whether our war effort overseas is to be restricted by the use of volunteers only, or whether the whole of our man power is to be utilized under conscription.

History has shown that conscription enforced unexpectedly in a panic or emergency—and an emergency may arise in a matter of weeks or months—is a criminal disservice, as it creates bitterness and distrust among fighting men who have enlisted on a voluntary basis and those who have enlisted on a compulsory basis, and

furthermore disrupts our war industries by introducing grave disputes between the employers of labour and the requirements of our fighting services.

Conscription should be discussed now, and if deemed advisable adopted forthwith.

He concludes by saying:

We cannot serve two masters in this war, that is, the cause of our king, Great Britain and our sister dominions on the one hand, and our local political interests on the other. These interests are obviously not identical and will, therefore, come into conflict to the detriment of our fighting activities.

In view of what the minister said this morning, I should like to call attention to the rebuke which he administered to the hon. member for Hastings-Peterborough when he spoke in this house on March 11, as reported in *Hansard* at page 1416. I wonder what has caused the minister to change his views since 1917, when he was serving in France in his majesty's forces, as to the freedom allowed officers. The minister did not hesitate at that time to take part in a political campaign in Canada, although he was not a candidate. According to the Halifax *Chronicle* of December 14, 1917, he sent the following cable to A. K. Maclean, the candidate of union government for Halifax:

France, Dec. 12, 1917.

I strongly favour the immediate operation of the Military Service Act, and hope Nova Scotia will heavily support candidates pledged to that policy.

Ralston.

I should like to ask the minister if he considers the situation to-day less critical than it was in December, 1917. At that time we had the support of Russia, the powerful fleets of Japan, and Italy, unbeaten France with its superb army, and the help as an ally of the great United States of America, in addition to receiving supplies from many neutral countries all of which are now under the heel of Hitler; while to-day, Great Britain fights alone.

Mr. RALSTON: Let me at once refer to two or three points which my hon. friend has brought up.

Regarding the training of the army, with all due deference to him I prefer to accept the advice of the officers who know conditions overseas, who have been overseas, who have been in close touch, not only with General McNaughton, but with the staff overseas of the war office, from the chief of the Imperial General Staff down, and who therefore have some idea of the requirements of training in this country.

Let me say further that while I respect General Elmsley's views as a military man, the opinion he expresses with regard to conscription is expressed not in his capacity as a military man but in his capacity as a citizen of this country, just the same as anybody else. So I do not think that all the build-up which my hon. friend has given to General Elmsley in connection with his military record has anything much to do with the soundness or otherwise of his expression of opinion as a civilian upon this particular question.

Mr. BRUCE: It shows his experience.

Mr. RALSTON: It shows his experience as a military man, but my hon. friend is quoting his opinion on a matter quite apart from his military experience.

Let me now come to the matter dealt with by my hon. friend in the last three minutes of his speech, in which he observed that in 1917 I favoured the national service act of that time. My hon. friend asks, what is the difference between now and then? Let me tell him. At that time we were in the third year of the great war; in fact it had been going on for nearly three years and a quarter. So far, the present war has lasted for about twenty months, and in all three services we have had probably seven hundred casualties. Up to December of 1917 Canadian casualties were numbered in the tens of thousands. Already the fifth division had had to be broken up in order to furnish reinforcements. When that telegram was sent, I, as an officer of a battalion, had had the experience of receiving men from dismantled battalions from all over Canada—units which had had to be broken up in order to provide reinforcements to replace casualties. At that time the battle of Passachendaele had just been fought and the Canadian corps had been decimated. The casualties in my own battalion in the two days we were engaged numbered between four and five hundred, of which 138 were killed. That was the condition in December, 1917. What is the condition in Canada to-day? It is that we have enlisted less men at this time than we had at the corresponding stage of the last war, that we have had comparatively few casualties, that the army has not been in action, although it is holding a strategic position in England at the suggestion and request of the British government. I say to my hon. friend that, at that time, recruiting campaign after recruiting campaign had been put on in Canada, from one end to the other. I myself in the spring of 1916, a year a half after war was declared, was engaged in an intensive volunteer recruiting campaign, and after that time, battalion after battalion after battalion was raised in this country under the volunteer system.

So that the condition then and the condition now cannot be compared. We are at this time, as I pointed out the other day, engaged in the first intensive campaign for recruits since this war began—the very first. And I ask my hon. friend again in all seriousness as a citizen of Canada: Why raise this question of conscription at this time? He knows that in 1917 it split Canada from top to bottom.

We had at that time no such united position as we have in Canada to-day. As I said the other day, in October, one month after war was declared, the province of Quebec had an election on the issue as to whether they would participate in this war. What did they do? They voted overwhelmingly to stand with Canada in the war—to stand with Canada, who was standing by the side of Britain. That was followed by compulsory training, known as the thirty-day training scheme. That plan was advised by the chief of the general staff, and put into effect. I venture to say it did a great deal to bring the young men of Canada—not simply the young men of Quebec—to a realization that there was a national duty to perform. Eighty thousand men were trained at that time. That was followed by the four months training plan, whereby the men took not only basic training, but advanced training as well. That was put into effect. Both those plans were accepted all over the Dominion of Canada, without exception anywhere. Then the plan was announced which stated that those who had their four months' training would be drafted—to use my hon. friend's expression—for service in Canada. That, too, was accepted all across Canada.

Having regard to that situation, and to the unity which undoubtedly prevails, I really feel my hon. friend is not doing a service to Canada at this time when he advocates conscription. Probably this afternoon the premier of Quebec will be doing what? He will be asking the young men of Quebec to volunteer to enlist in connection with this recruiting campaign. That is an example of unity. I ask my hon. friend why he wishes to introduce this discordant note at a time when we are engaged in raising recruits. The effect of it is—and my hon. friend must be able to see this—that it provides a young man who may doubt whether he needs to enlist with a reason for delaying to do so. It hinders the war effort, as I said the other day; and it hinders the campaign which is going on across Canada at the present time.

It will be noticed that my hon. friend is not advocating anything of this kind in regard to money. I have no doubt that he is serving on some kind of committee. He is no doubt asking Canadians to subscribe their money to our war loan. But my hon. friend suggests that we pass a law right now before we have really tried the volunteer system, fold our arms, and request these young men to come in.

Some suggestion has been made about compulsory service in other dominions. I made a mistake myself the other day, and I wish to correct it. In New Zealand there is provision for compulsory service but in the other dominions, Australia and south Africa there is no such law. Enlistments are voluntary.

I say to my hon. friend I had the feeling that at this time he might—and those who think as he does—help in every way possible in connection with this campaign to get men. I believe, Mr. Chairman, that this campaign will do a great deal in the Dominion of Canada to encourage future enlistment. I must agree with those who say that we have not put to the young men of Canada, perhaps as we should, the need for men. I agree that we did not take all the men that were offered. Why? Because—I can say this now, as I said it the other day—because conditions were such, in connection with shipping, that we could not send overseas the men we intended to. We were having to shift plans from time to time. There was a necessity for accommodation. There was a necessity for armament. It was considered that recruiting could be allowed to take its normal course according to our needs. We began recruiting again in February, I think it was. The number recruited did not come up to the quota, which meant that next month you had to add to that month the deficiency of the month before, and so on with the next month. That is one of the reasons for the call for recruits now in this first intensive recruiting campaign that has been put on.

But that was not the only reason by any means. Another was that establishments, particularly in connection with the technical units, were increased, and men who had been expected to be used for reinforcements were used instead to fill up those increased establishments.

Another reason was, and is, that we took the men out of the technical units from the fourth division to form the armoured division. We did not plan to build the fourth division up until some time later, but we decided in view of the situation to accelerate that, and we are now asking for something like 8,000 men for the fourth division.

Then there were discharges on medical grounds which were greater than we expected. When I found there was doubt as to the physical capacity of some men, and I have in mind particularly certain units, to stand the strain, as I wanted to see that we sent

over to Great Britain an army that could stand up with any of them, I insisted that there be a further medical examination. That examination was made, a large number of men were discharged, and that adds of course to the number we are requiring and asking for to-day.

We are making a special call for 32,000 recruits, and there will be the quotas from month to month to make up wastage. But I believe that if we educate the people of Canada now in connection with this recruiting campaign as to the need for men from this time on, and if we have them realize that there is a situation which demands their support, we shall get it and the impetus given by this campaign will assist us with the further quotas needed.

That is the position. My hon. friend and I differ in connection with it but I deprecate again my hon. friend bringing this question up before we have even really tried out the voluntary system in Canada.

With regard to the other matters to which my hon. friend has referred, I do not think there is very much point in my going over them in detail at this late stage of the session. He has dealt extensively with training. I have already received a letter and a memorandum from the author of the memorandum which my hon. friend read to the committee to-day, and I have had that memorandum examined, sentence by sentence, by the training officers of the department. I have had it examined, not in a spirit of defence or in a spirit of excuse, but to see what there was in it that was good and that we could make use of, to stack up the suggestions made therein against actual performance, against what is being done to-day, and to adopt any remedial measures when such seemed to be indicated. Certain suggestions I think in the light of the experience of the training officers, particularly the experience we have had overseas, would not prove to be sound. But in so far as the memorandum makes constructive suggestions which can be used, I assure my hon. friend they will be used.

I do not propose to follow my hon. friend in connection with the other matters he mentioned. Let me just say this: The man who is speaking to you to-day has a fairly heavy task. I need all the help and all the support I can possibly get. I believe that in the interests of Canada at this time the thing to do is to drive on with this recruiting campaign and have young men realize that young men are needed and ask them to come in, and I propose to do that. I believe I would not be a good Canadian if I did not do that. That is my position, and I ask my hon. friend and all others to put their shoulders to the wheel in connection with this campaign, and instead of suggesting alternative methods in the middle of the recruiting campaign, to endeavour to assist in every way possible to impress on young men that they are required and the attractions of service for Canada in her hour of need.

May I say just a word to the hon. member for Broadview. He brought up quite a few questions, and I am not going to deal with them in detail. I only say to him, as I have had to say to him before, that the suggestions which he has made will be considered. I have given a good deal of thought to some of the subjects to which he has referred, and he knows I have had a good deal of correspondence with him. I do want to say one word, and it is because the man is not here to answer for himself. The hon. member introduced—perhaps through inadvertence—but I would not want it to remain on the record as it is—the suggestion that General Crerar was selected on the suggestion of—I understood him to say—"a late senator". I do not know to whom he refers. I have no idea who he is talking about. All I want to say is that no suggestion of any kind or description came from any senator or any member of the House of Commons or, for that matter, anyone on this side of the water with regard to the selection of General Crerar. The selection was made, as I said last night, and I give my word to the house for this, solely on the recommendation of General McNaughton after I had a personal conversation with him and after he had considered the matter fully.

I am not going to take up the time of the committee any longer. I only say that I feel from the bottom of my heart that we are trying to do a job in the Department of National Defence. I have said time and time again, and I repeat, that we are not content or satisfied. I can only pledge to the house that I will give my best in order to see the job through.

Mr. DIEFENBAKER: As I listened to the concluding words of the Minister of National Defence with reference to those who would at this time raise one part of Canada against another, I thought the time has come when we must forget this question of racial descent in this country and be Canadians first and foremost. I have felt for years that one of the things that may break down the fabric of this country is the fact that every ten years men who are and whose ancestors have been Canadians for generations have to register in the census their racial descent. That is one thing that perpetuates in this

country the type of citizenship that we do not want. I have no French blood in my veins, but I believe that those who do come from that part of Canada are as anxious and as willing to serve as those from any other part of this dominion and to assert the contrary is to do a great disservice to Canada and its unity of purpose.

Mr. McDONALD (Pontiac): Why all this talk about it? Why always cite Quebec?

Mr. DIEFENBAKER: Mention was made of that by the minister.

Mr. RALSTON: I beg my hon. friend's pardon; the mention was first made by the hon. member for Parkdale.

Mr. DIEFENBAKER: I was replying to the observations of the minister. The minister admits to-day something that we have said over and over again on this side of the house, that so far as this government is concerned there has been no concerted policy of recruiting. It has been spasmodic, and lackadaisical. He says—and I realize the load of responsibility he carries; have some appreciation of what it must be—that up to the present time we have not tried to get recruits in a large way. The result speaks for itself.

Mr. McNIVEN: He gave the reasons.

Mr. DIEFENBAKER: In my opinion it is due to the failure to have recruiting speeches and bands, but the consequence to-day is that this country is in a deadening torpor of complacency.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: Hon. members can say what they wish. The reason why the minister says it is necessary for speeches on the part of members of parliament and others including the premier of Quebec is that the people have to be aroused now. Only a few days ago the minister made the statement in a speech that he delivered before the Rotary club in Toronto: "I think our most dangerous enemy on this side of the Atlantic is the idea that there is lots of time."

Too late, too late, has been the history of many countries in Europe to-day. We to-day have our Jena, our Austerlitz, we shall have our Waterloo if we realize before it is too late that something has to be done now to encourage recruiting, and to assure an ample production of the instruments of war, tanks aeroplanes and munitions.

The minister criticized the hon. member for Parkdale for some reference he made to there having been a failure in production. This is what the minister himself said—

[Mr. Diefenbaker.]

Mr. RALSTON: I beg my hon. friend's pardon; the only reference I made to the hon. member for Parkdale was in regard to his reference to a late senator. I mean the hon. member for Broadview.

Mr. DIEFENBAKER: The statement that the minister made as I understood it was this, that there had been no criticism of the Minister of Munitions and Supply in any statement that he made last night. The words of the minister were these:

> He knows that our present commitments are for an army tank brigade, for a third division and for an armoured division. Those are the commitments we made for this year, and our endeavour naturally is to see to it that these units are supplied with equipment just as rapidly as possible. I cannot get equipment for these units any faster than Canadian industry turns it out.

Now after almost two years of war the minister of one department states in answer to the allegation made by the hon. member for York South, "What you say is true; there is not the equipment there should be; we have not been able to equip because industry has not produced." I ask the minister this: what about the National Resources Mobilization Act passed last June? It gave powers to this government asked by the Prime Minister as an emergency measure. It gave the government power to take over industries that were falling short. Why have the powers granted under this act not been utilized in order to ensure the required production? Yet we have been told repeatedly by the Minister of Munitions and Supply that all is well, that everything is in order, that tanks are being produced. Did the tank that was produced the other day have a Canadian engine or transmission? Then there is the question of aeroplane production, on which we have not had a report since March. We have had no report, nor have the people of Canada had a report, as to the present situation with regard to the production of aircraft. All we have had are general statements that all is well; and the psychological effect of the government continuously painting a picture of self-satisfaction in connection with Canada's war effort and the progress of the war has in the past engendered and will continue to engender apathy.

Why is there not the enlistment there should be? Look at the province of Saskatchewan, where we have a very fine record. Sometimes aspersions are levelled against those of racial descent other than British, but consider the record of the Ukrainian people and the contribution they have made and are making to our armed forces. If there is a failure to secure recruits it may be for one

of three reasons. The first is that so far as the various departments of this government are concerned there is no coordination. I am not going into any detail in that connection except to say that one of the strongest objections to recruiting has been the fact that the men in Canada did not receive fair treatment in the matter of transportation while on leave. The minister now has seen fit to remove that objection in large measure. Why was it not removed months ago? Six months ago the minister said it could not and would not be done.

Mr. RALSTON: Oh, no. If my hon. friend will permit me, what I said exactly was that free transportation could not be given. I stated that I would consult with the railways to see if there could be a reduction of fares; I did that, and that reduction has been made.

Mr. DIEFENBAKER: Yes, Mr. Chairman, that was the last statement, after hon. members had brought up the matter time and again from June, 1940, on. It was postponed and put off. To-day that criticism has borne fruit. Why? Simply because of the fact that public opinion has been aroused and has demanded that something be done. One of the salient criticisms that I direct against this government to-day—and I say this in all kindliness—is that in many things it will not move until public opinion forces it to move.

Let me go back to the situation in Saskatchewan and western Canada generally. I have mentioned the wonderful record of the Ukrainian people and what I have said applies to Canadians of other racial descents in my province. One of the things most seriously hampering recruiting is the attitude that was taken by this government in an order in council passed on September 25, 1940, with regard to the Doukhobors. These people are antagonistic to any participation in warfare. Everyone, of course, respects religious scruples. The Doukhobors came to Canada, their rights being contained in an order in council dated December 6, 1898, which included the following paragraph with regard to military service:

> The minister recommends that under the power vested in your excellency in council by the above provision, the Doukhobors, settling permanently in Canada, be exempted unconditionally, from service in the militia, upon the production in each case of a certificate of membership from the proper authorities of their community.

That was the exemption; that was the pledge upon which they settled in Canada. What happened in September, 1940? This government set up a higher type of citizenship for the Doukhobors in Saskatchewan and British Columbia than is enjoyed by any British citizen in this dominion when it passed an order in council extending the order in council of 1898 to—

> —the descendants of such immigrants who have continued without interruption to be members of the aforesaid sect or denomination . . .

The other day I was speaking to a Ukrainian who has two sons overseas with the forces of this country. He pointed out the situation in reference to the Doukhobors and said, "Nobody objects to their not having to fight in the armed forces of this country, but what did they do?" They refused to take their medical examinations when they were called up; they just did not turn up. Did the government punish any of them? And when the question of exemption was brought up they were ordered to appear before the military tribunal set up in the province of Saskatchewan, or at least they were ordered to appear along with all the others.

Mr. RALSTON: Not a military tribunal.

Mr. DIEFENBAKER: The tribunal headed by Hon. Mr. Justice Embury.

Mr. RALSTON: Not a military tribunal.

Mr. DIEFENBAKER: Then what do you call it?

Mr. RALSTON: The tribunal under the Department of National War Services.

Mr. DIEFENBAKER: That is it. Did they turn up when everybody else did? No. The Doukhobors said, "We will stay at home," and at home they stayed, and as yet they have not been proceeded against. This is what they said, according to the statement I have here: "We refuse to serve in any capacity. We will not leave our farms. We will refuse to appear for medical examination." The toleration of that sort of thing does not encourage recruiting. Why should these people, entitled as they are to exemption, be able to flaunt the laws of this country?

I have in my hands a copy of a letter written by the Doukhobors to the Prime Minister on June 24, 1940, which was attached to a return brought down the other day. In this letter the Doukhobors tell the Prime Minister what they are going to do in reference to the matter of military service. There is one paragraph in this letter which may afford an explanation for the unusually tender treatment being accorded these people, under which they are allowed to break the law at their own convenience.

> You would no doubt recall that while on your election campaign the delegation of Named Doukhobors, consisting of Nikoto Popoff, Alex

Cheveldave and others of Blaine Lake, Saskatchewan, have approached you at Prince Albert, Saskatchewan, on or about 29th day of February, regarding this same subject, and were assured by you that while there were no conscription of compulsory service required at that time, the issuance of such exemption certificates was unnecessary. And you have further assured them that the government would grant such exemption certificates to be issued in case the conscription or compulsory service would be necessary.

It was following this letter that the order in council was passed extending the order in council of 1898 to the descendants of those who entered this country at that time. The passing of the order in council has had a detrimental effect on recruiting in the province of Saskatchewan.

Let me give two other reasons. The first I pointed out the other day, and I am asking the minister to take it up with the Minister of Agriculture with a view to having it altered. In Saskatchewan, Manitoba and Alberta the Prairie Farm Assistance Act is in effect, under which the farmer must contribute one per cent of the value of his crop. Yet, Mr. Chairman, if any farmer who has contributed his proportion, as required by law, which assures him against failure in his crop, proceeds to enlist in the army of this country, between May 1 and November 1, he loses his bonus. Surely there is no justification for that. It is penalizing the man who enters Canada's army. We are asking for recruits across the country, in the agricultural districts as elsewhere. How can we ask for recruits if we say to a man who is prepared to leave his farm after sowing his crop, that if he enlists we will take away from him the right to share in the bonus provided by the government of Canada.

Surely that is inexcusable. It is an inexcusable detriment so far as recruiting in the agricultural districts is concerned.

I now pass on to the next matter.

Mr. CRERAR: What does my hon. friend mean by the word "bonus"? He has said that the men will lose the bonus. What does he mean by that?

Mr. ROWE: The hon. member should understand that.

Mr. DIEFENBAKER: I thought the minister would have understood what I meant when I referred to a bonus under the Prairie Farm Assistance Act, to be paid when there has been a failure in crops. The bonus is then payable, as the minister knows.

Mr. CRERAR: My hon. friend is using the term in the wrong sense.

Mr. DIEFENBAKER: Oh, I do not think I have to be informed by the minister as to just what the right sense is,—no, no! I am using it in this sense: if a man enlists in the army, in answer to the call sent out by the Minister of National Defence, and if there is a failure in the crop area in which that man lives, every other person in that area is entitled to a bonus. I say that the man who enlists should be entitled to a bonus as well.

Quite a few farmers came back after the last war and took up land under the provisions of the Soldier Settlement Act. They have been farming ever since. They are in no better financial position than the general run of farmers, but from year to year they have continued to farm their land. Those men are re-enlisting in this war. What is happening to-day? They leave behind them their dependents, their wives and children. Would hon. members not think that the department in charge of the administration of the Soldier Settlement Act would refrain from badgering those dependents at times such as these?

Let me explain. On March 19, 1941, this government passed an order in council providing as follows:

> Notwithstanding any provision to the contrary contained in any of the regulations providing for payment of dependents' or marriage allowances in respect of dependents of members of the Canadian armed forces, that in all cases where the dependents of an enlisted person continue to occupy the farm for which such person is indebted to the director of soldier settlement and in respect of which the contract terms are not otherwise satisfactorily provided for, there may be deducted from the dependents' or marriage allowance amounts sufficient to provide for payment of taxes—

And so on. What an invitation to enlist! Those people go overseas, and this is the way they are treated. I have letters here—one from a man who left his wife and two children on the land. He is advised by the department—I should say that she is advised—that $15 a month is to be deducted from her allowance in order to pay taxes against land owned by the government of Canada. A portion of the letter she received from the department of dependents' allowances reads:

> It is felt that in your own interests and those of your husband this financial provision is essential in order that the debt against your home and farm will not amount to proportions beyond the capacity of the farm to carry.

In effect the department informs her: "Your husband is in the army. You are not going to get the dependents' allowance that others get. You are not to get it, because your husband owes money to the soldier settlement board. We are going to deduct from the allowances made to you."

Mr. RALSTON: As taxes.

Mr. DIEFENBAKER: Yes. Here is the explanation—so that the land will not be lost.

Mr. MAYBANK: Is the hon. member referring to municipal taxes which must be paid?

Mr. DIEFENBAKER: Yes, municipal taxes. From year to year the soldier settlement board before the war continued to keep up the taxes, and did not permit the amount to grow larger and larger; but as soon as the purchaser enlisted in the service of his country his dependents were deprived to the extent of $15 a month of their statutory allowances. I would ask the minister to consider this matter. I have several letters along similar lines, one from a woman whose husband is overseas, and whose older son is overseas. All she has at home with her is a sixteen-year-old boy to assist her in her farming operations.

Mr. ILSLEY: In respect of a city dweller is not the dependents' allowance to cover such charges as rent, as well as charges for living expenses of the dependents? That is to say, is it not expected that out of the dependents' allowance the dependents of a soldier will make some provision for the renting of premises in which they live? Is it not just as fair in a case where there is no rent that at least the taxes should be paid out of the dependents' allowance?

Mr. DIEFENBAKER: Well, that is a legalistic justification of a situation which, I am pointing out, in its practical application is doing harm to recruiting. For years the soldier settlement board has allowed these men to remain on the land. Why now, in an hour of national peril, take it out on their dependents? Legal justification may be found, but after all I suggest to the minister that we are trying to encourage recruiting and that such treatment on the part of any department of the government can have only an adverse result in the recruiting campaign in which Canada is now engaged.

We on this side of the house are not trying to create difficulties for the government. We are pointing out these things with a view to having them remedied. Hon. gentlemen may have read Ambassador Bullitt's speech the other day in which he said that 5,000 tanks and aeroplanes would have spelled the difference between victory and defeat for France. Just a few more men—

Mr. LAPOINTE (Quebec East): They had the men.

Mr. DIEFENBAKER: They had men dispersed in various parts of the world and men who were lulled into a false sense of security behind what they thought was an impregnable line, the Maginot line, just as some people in Canada think we have an impregnable line for the defence of Canada, in the Atlantic ocean, and apathy was the result.

I place this matter before the committee, Mr. Chairman, with a view to having this injustice remedied, so that we shall be able to secure that enthusiasm which is necessary if we are to overcome the apathy of the last few months engendered as a result of the failure, as I see it, on the part of those in authority to make the people of Canada realize the need and the danger and awfulness of the prospect that faces us unless Canada acts now.

Mr. GREEN: Mr. Chairman, some time later in the day, or perhaps some time tomorrow, the Canadian parliament will adjourn, and apparently the intention is that it may not meet again for a period of approximately five months. During that time anything may happen in this world. Those five months will be the most critical five months in the history of civilization, and as a member of this parliament representing a great riding on the Pacific coast I feel that it is my duty to bring to the attention of the house before we adjourn certain suggestions and criticisms in connection with our war effort.

May I say at the outset that I listened this morning with great interest to the statement of the Prime Minister. I was very much concerned about certain portions of that statement and about the attitude of the leader of Canada, because it seemed to me that he was satisfied with Canada's war effort. I wish most heartily that I could convince myself that he is right, because it would be a great relief to me. But I cannot do so, and I do not believe that the Canadian people are satisfied that Canada is doing everything that can be done. They ask for nothing less. They insist on having that much. There is uneasiness, there is misgiving across this nation to-day, and may I point out some of the things which I think are wrong in connection with our war effort, some of the things which need to be remedied and need to be remedied without further delay.

In the first place we have too few men in Great Britain, too few men in the battle line. There are two battle lines in this war, one in Great Britain and one in the Mediterranean. Our battle line is in Great Britain, and I do not quarrel with such disposition of our troops, for Great Britain is probably the best place they could serve. Canada's battle line is in Great Britain, as every member of this house well knows, and the time of battle is in this year 1941, not in 1942 or 1943, or five years hence. The hour of Canada's battle comes this year. Yet what do we find?

We find that there are brave Canadians in Great Britain, two infantry divisions and corps troops as well as the men serving in the navy and the air force. We find at home here in Canada, thousands of miles from our battle line, two more infantry divisions, and an armoured division and a tank brigade, made up of equally brave men, men who have been recruited, most of them, for over a year; some of them have been on active service for nearly two years—men who are without exception keen to do one thing and one thing only, and that is to get to Great Britain to fight.

It is clear—I do not think this can be contradicted—that these men can receive their final training and their full equipment only after they arrive in Great Britain. They cannot get these things here in Canada. It is equally clear that if they were sent to Great Britain it would be a spur to recruiting in Canada. Nothing would make it easier to get recruits in Canada. It is clear also that sending them to Great Britain would improve the morale of the troops themselves, and it is obvious that Great Britain needs every fighting man she can get. Our motherland has had to call up men in their late thirties. We find this statement made in April by a leading British general; I quote from the Vancouver *Sun* of April 15, from a Canadian Press dispatch:

> London, April 15.—Lieutenant-General Sir Wilfrid Lindsell, in charge of administration, home forces, indicated to-day that the war office is ready to equip the Canadian tank brigade when it comes to England to join the Canadian corps.
>
> "The more divisions of Canadians to arrive here the better," General Lindsell declared.

Mr. RALSTON: The more divisions we can send the better, and my hon. friend knows as well as anybody why they are not going faster.

Mr. GREEN: No, that is one thing your hon. friend does not know. I cannot understand why portions at least of these divisions have not been sent over to England long before this.

Mr. RALSTON: If my hon. friend will think twice he can imagine the reason. He knows the demands on shipping around the cape in the last three months.

Mr. GREEN: I sometimes wonder whether the wish, whether the desire to get fighting men to England from Canada is as strong as some people would have us believe.

Mr. RALSTON: It is as strong as I could wish.

Mr. GREEN: In January of this year the Minister of National Defence announced to Canada that Canada's commitment for this year would be a third division, an armoured division, and a tank brigade, and he said again yesterday that that was Canada's commitment for the year. I could not understand the way in which he used that word "commitment." Surely the position is such that if Canada's commitment for this year is too small, it may be too small for all time. We may be wiped out in this country. Things have happened since last January. Let us review our commitment in the light of events which have taken place since then. The year is almost half over, and yet none of these troops have gone to Great Britain. I say to the government that they should be sent over just as quickly as possible and that the fourth division should also be sent to Great Britain instead of being kept in Canada on what might be called home guard duties.

The second point that I wish to place before the minister is this. I believe that the fighting departments, the navy, the army and the air force, are not adapting themselves to modern warfare as quickly as they should. One has the feeling that the Department of National Defence has become departmentalized into three channels—navy, army and air channels. Things have been happening recently in Europe, particularly in Greece and in Crete, and I suggest that we should set up in our defence department a small war council to direct the whole military effort of Canada, having in mind all arms of the service.

For example, why should we not raise air divisions in Canada such as the Germans used with such success in Crete? I understand that they are smaller in personnel than the ordinary infantry division. Why should we not train such troops in Canada? Let us build up air divisions which could be used in the forefront of the battle when the time comes to take the offensive. The men could be trained here in Canada much more easily than in Great Britain, where they would be subject to attack by enemy bomber and fighter planes. No arm of the service would be so likely to attract recruits as air divisions, and such divisions would be invaluable not only overseas but during the time of their training here for the defence of Canada should it be necessary to defend Canadian territory.

I suggest also that full scope is not being given to Canadian initiative. One of the greatest assets of the Canadian man and the Canadian woman is his and her initiative, and I suggest that that quality should be used to the full at this time; let us make more use of the initiative of those in civilian life, of our citizen soldiers, and of course of Canadians in the permanent force. Let us not in all these

matters slavishly follow Great Britain. Conditions are different over there. Moreover, as we found out in the last war, the British do not always fight in the most efficient way. Brave as they are, they make mistakes, just as others do.

In the third place, I suggest that the ministry are not facing the facts about manpower. I do not wish to say anything which will hurt the minister's recruiting campaign—

Mr. RALSTON: It is not mine. It is the campaign of Canada.

Mr. GREEN: Well, the recruiting campaign of Canada. As the minister knows already, I have offered to help him in any way I can. But there is this fact to consider. This is not the only recruiting campaign which will be carried on. It will be necessary continuously to raise recruits, and are we to take it that the minister will object indefinitely, or until the end of the war, to anything that may be said which might be considered as affecting adversely his recruiting campaigns? I am sure he does not mean that. I believe he wishes to be fair, and that he would not wish seriously to question the right of any member of the opposition to point out defects in present recruiting methods.

Speaking on this subject, the minister told us on June 5, as reported in *Hansard*, page 3534:

> I have every reason to believe that, with the acceleration which has taken place in the campaign, and with the assurances we have received, the campaign will be a complete success.

Now that, Mr. Chairman, is soothing the Canadian people; I do not think it is putting the facts squarely before them. It is a mistake for the minister to make statements of that kind. May I cite a statement made by Major-General Alexander, officer commanding the Pacific command, as reported in the Vancouver papers on May 31. It is a call for volunteers, and begins as follows:

> An urgent call for volunteers for the Canadian active army was issued to-day by Major-General R. O. Alexander, general officer commanding-in-chief, Pacific command.

In his statement General Alexander used these words:

> A special recruiting campaign is now being carried on from coast to coast. The result of this campaign in this district, to date, has been far below the actual and urgent need.

That statement was confirmed on June 7, six days ago, in an editorial in the Vancouver *Sun* which, as the minister knows, is a strong supporter of the government—

The CHAIRMAN: Order, please. I have allowed the hon. gentleman a great deal of latitude, but certainly it would be against all the recognized rules of debate in the house to continue much longer any more than the briefest references to statements in the press. I do not want to restrict discussion at this hour of the session, and the minister yesterday agreed that the discussion should be wide open. On the other hand, to read articles at too great a length is against the rules of debate.

Mr. GREEN: I wish merely to read three short paragraphs from this editorial, because it shows the position with regard to recruiting on the Pacific coast. It says:

> Recruiting has fallen down in this province. There is no use blinking the fact. We have got to face it, and see what must be done about it. The army wants 32,000 men from all Canada, 3,100 of them from British Columbia. Mr. Ralston told the House of Commons this week they had about one-quarter the needed number.
>
> When Mr. Ralston says this is "satisfactory" we wonder where he gets his complacency. The drive has been on since May 11, and is scheduled to finish at the end of June.
>
> In British Columbia they have still to get 2,445 men between now and the end of the month. In four days of this month they added only 91 men.

I suggest to the minister that he would be more likely to get recruits if he placed that position squarely before the Canadian people. Do not let them believe that this recruiting campaign is going well if it is not.

There are reasons why the campaign is not going well, and I believe they should be pondered by the government, particularly in view of the fact that further recruits will be called for from time to time.

One unfavourable circumstance, of course, is the failure to use the enthusiasm of young Canadians which manifested itself so clearly when the war broke out. This is ancient history, and I do not intend to say anything with regard thereto except this, that it has engendered in the minds of many of these young men the attitude, "Oh, they would not take me when I was willing to go, now they can come and get me." One encounters that feeling time and time again in talking to these young men. There is no lack of courage among them. I think we must be most careful not to accuse them of lack of courage, no matter from what part of Canada they come or from what race they spring.

Another point which is worrying them is the inequality of sacrifice. Here is a young man in a job; he is willing to enlist; he enlists; another young man comes and takes over his job. There is that possibility always present in the minds of these men. An

employer who operates big logging camps on the Queen Charlotte islands, writing me a few days ago, pointed out this fact. He said:

> Take for instance, our own operation on the Queen Charlotte islands; eighty-five per cent of our crew is now composed of foreigners; most of them are not naturalized. These men are taking the places of young Canadians who are to a great extent being used as home guards.

That is the position which the minister has to face.

Then, let the government not forget that it took over the direction of the young man power of Canada when it brought in compulsory training. Now the tendency of these young men is to wait for a lead. They wait for the government to say what is to be done next. Our whole way of living has changed since the last war. We are subject to government direction in many, many more ways than we were at that time. That is another reason why these young men are waiting,—waiting to be directed into whatever channel they are required to go, waiting for action by the government. I am convinced that the government must face the possibility, and face it now, that it will have to decide who is to serve, and how. That applies not only to the men but to the women. Eventually we shall have to put every man and woman in this country in his or her proper place in this war effort, and the government has to accept the responsibility for making the decisions with regard to who goes where.

Another reason why these young men have not been enlisting is the treatment given to men already in the forces. I hate to say this, but I must, because I believe it is true and is important. It may be that the cause has been the great rush of events; there have been so many things to do. But in this war, far more even than in the last, Canada must go to any length to see that the men of her fighting forces are properly treated. Only in that way can she get volunteers in adequate numbers in this war.

Take for example the question of dependents' allowances. I find in *Saturday Night* of May 31, 1941, a full-page advertisement calling for recruits:

> Step up and step out in a uniform!
>
> Down below are these words:
>
> You are needed now for active service.
> Rates of pay in the ranks.

The rates of pay are set out, and then we read this:

> Dependent allowances in cash: $35 to wife, $12 each per month for 2 children—only 3 dependents per soldier.

That decision was made at the beginning of the war because Canada did not want men with more than two children to enlist. Men who had more than two children did enlist, but they have never been able to get allowances for more than the two. Now we are calling for any Canadian and every Canadian to enlist, and yet men with three or four children can get only an allowance for two. That is an unfair situation, it is one which will hamper recruiting, and it should be remedied without further delay.

A week or two ago there was an argument in this house about pensions. In the last war any man who enlisted was covered by what was known as the insurance principle of pensions, or the "incurred on" principle. In other words, if he incurred disability on service, even here in Canada, he got a pension. In this war that has been greatly modified. It was wiped out for a year, from some date in May last year until a few weeks ago, in so far as the men serving in Canada were concerned. However, within the last two weeks some change has been made, as was announced in the house. But we did not go the full length, we did not make that insurance principle applicable to the men who are going to England to do the fighting for us. Things like that hamper recruiting.

Again, we have not to-day provision in Canada for reconditioning the men who are discharged from the forces. A man comes back with a stomach ulcer and is discharged. If he is in need of active remedial treatment he can get treatment in a pension hospital for the period of a year. But as between the man who can qualify and the man who is put out of the army but is yet not really fit to go to work, there is a large gap. Canada should set up some sort of reconditioning depots or convalescent camps, so that these men can be nursed back to health. In many cases they could be put back into the forces, not perhaps to go overseas, but to relieve other men who are fit to go overseas.

Further, we have not yet decided whether the privileges of land settlement will be extended to the men of the present forces, or whether they will be able to get soldier insurance. Those two matters should be considered right away and, in my opinion, put into operation. They would provide just that much more attraction to the men we wish to enlist.

Finally, members of this government may not like this, but I believe it is true—the general attitude of this Canadian government is wrong, because it is moved as the result of its fears. An outstanding example of that is what it has done recently with regard to

wheat for Japan. Time and again this government moves because it is afraid of something, or more afraid of something else. That is an attitude which is entirely out of line with the courage of the Canadian people. They are calling at this time for fighting leadership, and to fighting leadership they are entitled. Right Hon. Winston Churchill said a day or two ago in London, at a gathering of dominion and allied representatives:

> But here also, duly authorized by the parliament and democracy of Britain, are gathered the servants of the ancient British monarchy and accredited representatives of the British dominions beyond the seas, of Canada, Australia, New Zealand and South Africa, of the empire of India, of Burma, and of our colonies in every quarter of the globe. They have drawn their swords in this cause. They will never let them fall till life is gone or victory is won.

Till life is gone or victory is won. That is what the Canadian people face to-day. I plead with the government to announce as our war aim the smashing of Germany. Let it be as simple as that—that we are out to smash Germany—and let this government give bold and tough leadership. If it will do that, the Canadian people will rush to follow.

Mr. TURGEON: I had not intended to say anything in this debate, particularly since we have reached the last stage of this part of the session, and especially since we are discussing estimates; but as I listened to the hon. member for Vancouver South (Mr. Green) I began to realize some of the reasons why there is not a better response to the efforts that are being made for recruiting than we have been having in the last little while.

I am decidedly of the opinion that the hearts of the people of Canada have not yet been properly touched with what this war means to us. Every now and then I ask myself why that is, and I am afraid I have found the answer during the last ten or fifteen minutes.

Let us go back and see what has taken place during the time that we, the elected representatives of the people of Canada, have been sitting in this House of Commons. There is a recruiting campaign going on, and very much depends upon the success or failure of that campaign. I am certainly hoping it will be a success. I believe that hon. members who have been speaking also share that hope. But what is going to be the result if it is a failure? How long has this house been in session? What have we been doing that is of importance to the war effort during the many months that we have been sitting in this chamber? The hon. member for Vancouver South said that he had told the Minister of National Defence that he was willing to do everything he could to help to make the campaign for recruits a success. Of course, he is willing to help; he is anxious to do what every hon. member in this house wishes to do, and has probably made an effort to help the Minister of National Defence. He read extracts from newspapers to indicate that if the campaign is going to succeed it must succeed during the month of June. Why was not some effort made to permit the members of the house to get away, at an earlier date, from this portion of our parliamentary duties so that we could assist the Minister of National Defence in making the campaign a success? I challenge any member of the house to look over the records during the last six or eight weeks and find more than ten per cent of what has taken place to have been of benefit to the war effort of Canada.

I know that when I say that, if it should be reported, I am perhaps helping to bring down the level of this institution of parliament in public opinion. But what I say is true. As I listened to the hon. member, he told us of some of the causes of the lack of response on the part of the young men of Canada to the appeal to engage themselves by voluntary effort in this war, which is a war of Canada's, just as much as it is a war of the people of the British isles or of any other part of the world. But did he appeal to the young men of Canada to put aside the sense of injustice to which he made reference and to enlist anyway because of the gravity of the situation?

Mr. GREEN: I am talking to the old men of Canada to-day, I am afraid.

Mr. TURGEON: Very well. But what the hon. member has said to-day is, after all, only a repetition of what has been said in this house practically since the beginning of the war. The hon. gentleman read extracts from newspapers. These same newspapers time after time have devoted all their energy to creating disaffection in the young men of Canada toward those who are in the armed forces and those who have not yet enlisted. Unfortunately that is what a good many of us have been doing in this House of Commons. Effort after effort has been made to destroy the confidence of the people, old men and young men, women and children of Canada, in the government that is charged with the responsibility of carrying on this war. To-day, some people not being satisfied with trying to destroy confidence in the ministers themselves, there appears to be taking place an effort to destroy confidence even in the military men who are at the head of the armed forces of Canada. I ask you, Mr. Chairman, and through you every hon. member wherever he may sit, can we induce young

men to enlist on a voluntary basis by continually trying to destroy confidence in the men who are going to lead them, by continually referring to the injustices that without question have been heaped upon the men who suffered from the last war? We must do more than call the attention of the men and women of Canada to things that some of us think to be unjust. In addition to that, we must show them that in spite of anything that may have the appearance of injustice and, in fact, be unjust, it is their duty first of all to assist Canada when this, their country, is in distress, and second, we should show them on every possible occasion that if they do not assist Canada to-day, then Canada will not be able to assist in saving the world from the fate that is threatening it at this moment.

Another cause for the lack of response is, I understand, this. We have heard expressions in this house, and echoes of these expressions in the country at large, and it has struck me that unfortunately many men, leading men who have set ideas are thinking more of the particular idea that they have in mind than of making a serious effort to help in the winning of the war. For instance, there are very many who are strongly in favour of conscription, in opposition to the voluntary system. I am taking no exception whatever to those who wish for conscription, and when I make the general statement which I am about to make I do not say that it includes every person who is in favour of conscription. But I ask hon. members, is there not a tendency on the part of those men and women of Canada who want conscription to place all their energies behind a campaign to bring about conscription rather than to place those energies behind a campaign to make the war effort of Canada stronger and better and more successful than it is to-day? The same thing is true of those whose main idea centres round questions of social progress and reform. Is there not a tendency on their part, or on the part of many of them, to place all their energies behind a campaign to bring about more and more rapid social progress rather than to direct their energies towards accelerating the speed of Canada's war effort?

Turn back to what I said about the records of this house. I have wondered why we were not released long ago to go out and help the ministry of defence in getting recruits. I said that if hon. members would look back over the last six weeks, they would not find more than 10 per cent of the record of the doings from day to day of this house devoted entirely to the effort to win the war. What is more, I venture to say it would be found that nearly 50 per cent of the debates in this house consist of repetitions, restatements, of what has already been said by some other hon. member, repetition of question after question, each question dealing with something that has already been answered. We who represent the people of Canada would have been doing far more service to Canada, to Great Britain, to the British empire and to all who are allied with us if we had been out in the country, each where he thinks he can do the most good, making, first, an appeal for recruits and, second, trying to convince the people of what every one of us believes to be true, namely, that whatever injustices have been allowed to germinate and grow in the past are soon going to be uprooted. We who sit here, no matter on which side of the house we sit, know that as a result of this war and the efforts being made in connection with it, there is going to be a greater measure of social progress in the next few years than there has been during a century in any country of the world. We know that; why can we not each one go to the country and convince the people who listen to us of what is taking place, that they should not lose hope of a greater measure of justice than was given to the men who enlisted and fought for us in the last war. Let us try to make them see, notwithstanding some of the disaffections which naturally are theirs to-day, that the only way to reach that state of social progress is to make certain that Canada and those associated with Canada win this war, and that the only way in which Canada can win the war is to have her people more deeply touched with the necessity of winning it than they are to-day.

I rose to speak not for the purpose of chastising but rather for the purpose of suggesting that from now on we should stop trying to destroy confidence in our leaders both civil and military, stop trying to destroy confidence in the determination of the people of Canada, and set ourselves to restore that confidence and try to impress upon them the necessity of realizing that although mistakes may have been made they should join the colours and do everything they can to have Canada carry on a greater and more stupendous war effort even than she has been doing in the past.

With that hope I take my seat. I trust we shall not be here much longer, and I sincerely hope that when we return in the summer or the fall we shall devote ourselves with all our capacity and ability and energy to trying to create, always to create, a greater war effort and not to destroying confidence in our military and civil leaders.

Mr. QUELCH: I shall not take any longer than the hon. member who has just resumed his seat. He has given some reasons why he believes our war effort has been slowed up, and I wish to touch upon one or two other reasons which I think are of equal importance. I come first to a matter which has been referred to, which I think should be clarified and in which I am myself interested. I have no intention of getting into an argument as to whether or not a member of parliament who is in the armed forces should have the right to address public meetings outside the house. If, however, it is considered unwise to allow these men to make public speeches outside the house, the same rule should apply equally to all hon. members, whether Liberals or Conservatives, Social Crediters, or C.C.F-ers: also whether they be colonels or privates or generals. If, on the other hand, that is not to be the rule and Liberal members in the forces are to be allowed to address public meetings in praise of the government's war effort, then I think members of the forces who may be Conservatives also should be allowed to address public meetings in criticism of the government's war effort. Otherwise the minister is going to leave himself open to the charge that he is using the army for the purpose of spreading political propaganda, and I think we all agree that it is an undesirable state of affairs when politics are allowed to enter the army.

The last speaker referred to the war effort. Can we be satisfied with our war effort to-day? Are we making an all-out war effort? I should say that the answer to this question is most emphatically, no. I say that because, if we lose this war—and I am not going immediately to add that we are bound to win, because I believe that unless we have a far greater realization of what we are up against, we face a very real danger of losing the war—it will be because we have failed to develop the resources of this nation to their full capacity as rapidly as possible. When I mention resources I am referring to the financial and industrial resources, and, lastly, to the man-power of the nation. The Conservative members have urged the conscription of man-power, but I think the minister raised a very good point when he stressed the fact that so far we have not conscripted finance. This group believes that before any attempt whatever is made to conscript the man-power of this nation, we should and must have the conscription of our financial resources, then of our industrial resources, and, finally, of our man-power.

The other day the hon. member for Victoria, British Columbia (Mr. Mayhew), stated that before the war no one in this country realized that we could expand our production as we have; and the hon. member also stated that he had listened to many speeches from this corner of the house. I would suggest to the hon. gentleman that if he had really listened to our speeches he must have been impressed by the fact that day in and day out, from 1935 to 1939, we stressed the need for expanding the production of this country. Day after day we pointed out that the industries of this nation were running at only a very small percentage of their capacity, and we urged that they should be expanded. Unfortunately, during that period the Department of Finance considered it necessary to impose a deflationary policy upon this country; and during the period from 1932 to 1939, while Germany was building up probably the greatest army and air force that this world has ever seen, we in this country were allowing industry to remain in a dormant state. We were allowing half a million men to remain unemployed, with a million people on relief. The result was that when war was declared we found that industry was in low gear and that the skilled labour was not available to put industry immediately into high gear. Men had to be trained. Men were recruited for the army. Many applying for enlistment were turned back because they were physically unfit. Twelve years of the lack of those things necessary to maintain a healthy existence had sabotaged their health; and ever since then we have been discharging men from the army at the rate of eighteen hundred a month. Who will say that the responsibility for that condition does not rest directly upon the Minister of Finance, who compelled this country to operate under a deflationary policy?

In connection with the sabotaging of industry in this country, we find that those in charge of the financial policies of Britain have been going to even greater extremes. I should like to quote just three lines from a speech made in the British House of Commons by Mr. Stokes, who, I believe, is a Labour member of parliament, quoting a statement by Mr. Montagu Norman, governor of the Bank of England. Mr. Stokes reports Mr. Norman as having said in 1939, just prior to the outbreak of war:

> We will have to give Germany a loan of £50,000,000. We may never be paid back but it will be less loss than the fall of nazism.

That man is still governor of the Bank of England and is still largely controlling the financial policy of that country. Yet when he made that statement he branded himself a traitor, and should have been interned long since. To what degree does the Bank of England dominate the Bank of Canada? On previous occasions we have asked that the

correspondence between the Bank of England and the Bank of Canada be tabled, but our request has been refused. Members of this house are entitled to know just what kind of policy has been urged upon this country by the Bank of England. I say that the governor of the Bank of England has proved himself to be a traitor, and I believe that all association with this bank, so far as Canada is concerned, should be cut off.

I do not consider that Germany's successes have been achieved on the field of battle alone. I think Germany's successes have been very largely due to acts of treachery committed by people in high places in various allied countries. We know that happened in Norway; we know it happened in France. I am suggesting that it has happened and is happening in England, and I am wondering to what extent it is happening in Canada to-day. There are many things in this country that people cannot understand. As the hon. member for Battle River stated the other day, there are brakes on our war effort. We think those brakes should be removed, and should have been removed a long time ago. We all know that from September, 1939, to May, 1940, we slumbered. Apparently we felt that we were safe so long as the Maginot line remained, but after May, 1940, we suddenly realized that it was necessary to wake up. But it is impossible for a country to wake up immediately and develop at once a fighting force ready to go overseas. Now we are told that one reason why we cannot expand our production at a greater rate is the lack of skilled labour. The other day I made the statement that we should do the same with labour as we have done in connection with the army. We do not refuse to take men into the army on the ground that they are not skilled, although the soldier of to-day has become a highly skilled man. We take men into the army and train them, and I maintain that we should do exactly the same so far as industry is concerned. We should take unskilled people and give them the necessary training to enable them to take their places in industry. The other day the hon. member for Essex East asked if I was aware of the fact that we were training or had trained in the neighbourhood of fifty thousand men, but those men were not trained to the point that when they finished their training they were able to go into industry. What we lack to-day is a link between the schools and industry; in other words, we need schools to give advanced training. In the United States they have schools that provide such training, but so far as I know, there is only one such school in Canada, namely, in British Columbia.

[Mr. Quelch.]

The other day we were discussing this question in the pensions committee, and it was admitted that in the west there is a very long list of people waiting for training. Many people are trying to get into those schools in the west, but there is no room for them. So far as the east is concerned, they seem to be actually short of applicants. I suggested that we might well move some of the people from the west to the schools of the east, but I was told that it would be an expensive business. Then I suggested that we might put more schools into operation in the west in order to give these people the training they want, but I was told that then we would be training more men than industry could absorb. Yet in this chamber we had been told by the Minister of Munitions and Supply that we had a shortage of skilled labour. One of those statements cannot be true. If industry cannot expand because we have not skilled labour, then we want more skilled labour. If we want more skilled labour, then we should equip more schools in the west to train those men. Yet we are told that there is no use in having more schools, because we would be putting men into the labour market who could not find jobs. Those are questions which people are asking. A situation like that will do more harm to our war effort than will any other situation of which I could conceive. For this government to say that they are doing everything in their power to expand the war effort, while there are thousands of people throughout Canada looking for jobs, just does not make sense.

I did not intend taking the time of the committee further, because I know it is the desire to close down either to-night or to-morrow. For this reason I shall not speak at greater length. I suggest to the minister, however, that if we do not do anything else at this time to expand industry, we should at least put into operation advanced training schools which will take up that slack between the state of a man's training after he comes out of the training schools, and the state of training required by industry—one of skilled labour.

Mr. ADAMSON: As one of those who have been in some way entrusted with a certain degree of responsibility for the success of the recruiting drive, I believe it my duty to mention certain conditions which I have observed and believe to be general in that part of Canada in which I live. These are circumstances of which I have learned while in contact with troops and officers from all parts of Canada.

There can be no doubt that those who are charged with the recruiting effort to-day are

doing everything humanly possible to get recruits. In the metropolitan area of the city of Toronto, alone, we have fifty recruiting stations. The officers entrusted with this grave task have worked zealously day and night. So far as possible we have enlisted the services of patriotic civilians. The work has never flagged. I disagree, however, with the minister's statement with regard to national service. I am not advocating anything; it is not my duty to advocate. But I believe, and I believe this in absolute sincerity, that a national service act would not disrupt the country, but rather would unite it.

I believe the Canadian people are looking anxiously for some such act, some such move. That is my opinion. I have seen and talked with officers and men in the army, with civilians, with youngsters coming out of school, and I believe they would welcome it. If this government finds it necessary to enact such a measure, I make this pledge, that so long as I am in the public life of this dominion I shall never use the discomfiture of the government, if they have to bring in national service, for political purposes. Had this been done ever since the last war there would have been no talk of racial disunity in Canada to-day. That is all I have to say with regard to compulsory national service.

I know the recruiting figures; I see them every day. I am naturally not allowed to mention them in this house, but I can say that we need men and that the need is imperative. It has not been impressed on the country how badly we do need men, and that we need the best men we can possibly get for the army. The man in the army to-day, particularly in the armoured formations, has to be a better mechanic, a better signaller, a better craftsman, a better tradesman than the man in the factory. We want the best in the army. The man in the army must be prepared to do all the things that a man in industry must do. He must be prepared to do them in the most frightful discomfort and he must be prepared to do them twice as fast and in shocking working conditions. I do not believe that we have stressed the vital need for the best we have in Canada for the army to-day.

The army is the highest of the professions in Canada at the present time. I notice that there is a certain bitterness about the war effort, a bitterness which is growing. The *Globe and Mail* of Toronto had an editorial this morning which would repay everyone's reading. It says that civilian morale is bad. There can be no question about the justification of that editorial. Civilian morale is bad all across Canada because we have not had from the beginning that candour, that downright leadership which we must expect. It should be a great thing to be a Canadian. People are now going round as if it were a disgrace, but it is a great thing to be a Canadian. We are a great country. Let us see to it that our effort is put out in this war and that the name of Canada will remain gallantly at the masthead.

With regard to national service, I should like to quote from an article by General Wavell. I will be brief, but I think there is a message in it for us. He said:

> The soldier is apt to disregard or underrate the statesman's difficulties. I remember one of our present politicians giving an apt illustration of this tendency. He instanced a soldier's impatience at the slowness of the statesman to implement some political measure which was agreed to be essential, say compulsory service. If you agree it has to be done, why not do it at once? says the soldier. The politician might retort thus: When you come to a river line defended by the enemy, which you must cross to reach your objective, do you assault it forthwith? Of course not, the soldier will reply; it is essential to reconnoitre, to group the artillery, to construct bridges, to draw the enemy's attention away from the point of crossing, and so on. Just so, says the politician, so must I prepare public opinion, anticipate objections, draw up a measure which will be fair to all classes, arrange for the medical examination of men liable, decide on exemptions, and so forth.

That article has a great message for us in Canada to-day.

With regard to man-power, had we been able to have a division in Libya it is altogether probable that to-day we would still occupy Libya. We have recently been told by Mr. Churchill that the army of the Nile consisted of a mere two divisions, so that we can see how desperate the need is for man-power and machines. These are matters that must be brought home to the Canadian people. We are all in this war, every single one of us. Another division in the near east might have entirely averted the threat to Suez. I do not believe for an instant that Suez will fall, but I believe we must have more men for the near east, and I believe the Canadian troops are the most mechanically minded in the British empire. I see in the headlines of the papers to-night that Vichy reports that Canadian troops are already in Syria. May I ask the minister whether there is any truth in that statement. Is he prepared to make a statement, or is it a matter on which he cannot speak?

That is all I wanted to say, but I wish to impress upon the committee that what we must do, all of us, is to go out and get our pride back, for it is a great thing to be a Canadian. We are a great country, and we are not going to get our pride back by stopping criticism. We are not going to do it by innuendo. Talk about racial differences, as if we were a split country, must

stop. We must be a united country, and I believe we are. I believe we are capable of going ahead, and it is up to the government to give the lead. The country is with the government, but it is demanding action. I am absolutely convinced that no matter what measures may be brought down, the government will find no difficulty from the Canadian people. But they will find grave and serious difficulty, even peril, if things continue as they are and Canadians continue to believe that the government is not prosecuting this war with an all-out 100 per cent total effort.

Mr. GILLIS: I was tempted to rise because of a statement made across the floor. It was said that some of our difficulties at this time were due to the fact that men were trying to stress and to press for social reforms that were not called for. Another hon. gentleman to my right makes the statement that Canada, when she moved for the compulsory training of the youth of the country, indicated that she had taken a step in the direction of conscription. I do not agree with these statements. Most of the discussion this afternoon I would construe as an attempt to force the government on the question of conscription. For the past two months, listening to the different ministers reporting to the house on the activities of their respective departments, I have become convinced that it is not man-power of which Canada is short and that there is absolutely no necessity at this time to talk about the conscription of man-power.

We have in Canada to-day under arms and in training camps many more men than we are capable of equipping. I would also call the attention of the hon. gentleman who suggests that military training is now compulsory in Canada, to the fact that when we passed the mobilization act we gave the government power to mobilize the whole financial and industrial resources of the country; and if there is need at this time for conscription of anything, it is conscription of the resources of the country to manufacture the necessary arms to equip the men who are in our camps already. In my part of the dominion I do not think there is any difficulty in securing recruits, because a large percentage of the men who are employed in the coal mines at all events, are only too anxious to get into the army; for leaving the coal mine to go to war is a vacation to them. I think the recruiting officers will find that that is the situation there.

We can make speeches in the house until further orders, but all the oratory in the world is not going to cure the situation. We must do something about the causes that affect the war situation generally. In addressing myself to the Minister of National Defence I am not going to deal with production and other matters which have nothing to do with his department, but I should like to bring to his attention one or two things which I believe have an adverse effect on the morale of our army particularly, and on the men who are going into training at the present time. Complaint after complaint is made that men who have enlisted for military training and are paid $1.30 a day go into the training camps and are put to work on national defence construction projects, in the erection of huts and so forth in the camp, replacing the ordinary labour which should be employed on such work. The result is that the men who have enlisted for military training find themselves doing carpenter's work or plumber's work or some other form of labour which should be done by men outside the army who are dependent for their livelihood on these particular lines of work.

I would call the minister's attention to a brief which was prepared by local union 1588 in Sydney, of the United Brotherhood of Carpenters and Joiners of America. The local union has a membership of five or six hundred, and in this brief they complain specifically of the erection of huts by enlisted men. That is not good for the army itself. The man in uniform does not want that kind of work; it is not good for recruiting, because those who would join up for military training see the men in the camps engaged in that kind of work, and it is not good for labour to have men in uniform doing the work at a lower wage than is paid outside for such labour. This brief speaks very strongly against soldiers being used on any national defence project where there is a labour supply available, as there is in Sydney. It gives many instances where work of this kind has been done by men in uniform, and if the minister has not a copy of the brief I think he should familiarize himself with its contents. As I say, this sort of thing is bad both for the potential soldier and for the soldier himself, and if it is being carried on right across Canada in community after community, we can all appreciate what the effect will be.

Some hon. gentleman has made the suggestion here that the services of each and every individual who belongs to any of the services at this time should be fully utilized on the basis of his experience, that he should be placed in a position where he can make his maximum contribution. I agree heartily with that statement.

I would call specifically to the minister's attention the case of a young man who came over here from the United States, as many

are doing at the present time, in order to enlist. He left a good job in his own country, being sufficiently interested in the principles for which Canada has engaged in this war. He is a newspaper correspondent who has been all over the world, knows the international situation thoroughly, and was prepared to make a contribution in his own field. It is some ten months since he came to Ottawa and offered his services. He was advised at that time that the way in which he could make his best contribution would be to get into the army. He enlisted as a private soldier and has been at the depot since then in that capacity.

He started in to make a valuable contribution to the army. I believe that if there are any people in Canada whose morale must be built up, it is the young men who have enlisted in Canada's forces. In a great many instances Canada has not been very good to them in the past, and there is no doubt that most of them are coming into the army in a bad frame of mind. This young man undertook the responsibility of issuing a magazine. He published biographical sketches of the Minister of National Defence and the Minister of National Defence for Naval Services, and carried on a line of education—I would not call it propaganda—for the benefit of the troops from camp to camp. What cooperation did he receive? From the beginning he had to turn out that magazine from his own pay of $39 a month. He continued that work until last month, by which time he had gone so far in the red that he had to discontinue it. He got no financial assistance from anybody; he rented a typewriter at his own expense, bought his own stencils, and did all the work himself. He has tried every way he can to get into the field wherein he has specialized. I should have thought that a United States newspaper correspondent with contacts all over his own country and with credentials from some of the most influential people there could have been fully utilized in offsetting the influences of Lindbergh and the isolationist groups in the United States. But that was not done, and this young man to-day is in a frame of mind that he wants to be discharged. If the minister is not aware of the case of which I have spoken, I shall be glad to give him the information privately. I do not care to broadcast these things. I have talked on several occasions to this young man and am convinced that he is all he appears to be. I have confirmed my opinion by reference to the mounted police, who inform me that there is no suspicion of his bona fides, and that his credentials are in order. I do not know why, at this time, when a man of this type volunteers his services, we cannot undertake to place him and those like him where they can make their maximum contribution in influencing United States opinion on behalf of our cause.

Our recruiting campaign, I understand, is somewhat slack in this city. A young man of this type, whose services have not been utilized, and whose treatment may become more widely known, will not have a very good influence on recruiting.

Talking will not cure the conditions to which I have referred. Something must be done. I believe that the Minister of National Defence must accept in the present emergency more responsibility with respect to direction. The government will have to cut through the line of red tape which has been the system for the last twenty or thirty years. It would take one six weeks to put an order through from the Jackson building and to have it finally O.-K-ed and ratified, and that is not good enough to-day. The minister himself must make an investigation—and he is capable of doing so—into what is necessary at this time for the promotion of the best interests of the country in the administration of the department, instead of having the system of pigeon-holes, putting a thing into one pigeon-hole after another, as in the past. He should issue orders directly and have them carried out. He must cut through the maze of red tape which I know exists, has always existed and will always exist until someone is big enough to accept responsibility and will stand up and recognize the emergency, brushing away everything that is irrelevant.

Mr. ROSS (St. Paul's): I resent the remarks of the hon. member for Cariboo (Mr. Turgeon) and those of the hon. member for Brantford City (Mr. Macdonald), delivered the other day. Both these gentlemen said the same thing—that we on this side of the house were endeavouring to undermine the confidence of the people of Canada in this government. I do not think either of these gentlemen should have made that statement. They are not right in saying it. Certainly the last thing we have in mind is undermining the confidence of the Canadian people in the government. We have already, on many occasions, offered our cooperation with the government, and they are getting it to-day for the sake of Canada's war effort.

There are many apparently minor matters, however, that mean a great deal to the enthusiasm of the people for a greater effort in connection with the war. For example, I would call the attention of the committee to something that has had a bad effect. Yesterday, a man who has been an outstanding personality in Canada, an eminent Prime

Minister of the country—I refer to the Right Hon. R. B. Bennett as he was then—had a very high honour bestowed upon him by His Majesty the King, and it seems to me it was rather small of us not to show some public recognition of that fact on the floor of the house. With other members of the House of Commons, I cabled my congratulations, but I do think that this honour, conferred upon a great Canadian, should have been recognized from the floor of the house. I have received several telegrams from different people who are very much upset over the manner in which that honour was recognized.

Let me assure the government that we are not criticizing without reason. I have listened to a good deal of criticism to-day, and I think it is good for the government that there should be such criticism. To go back to the earlier days of the war, had it not been for the prodding we gave the government, a good many things that have been corrected would have been left untouched. I know it has happened. Let me call the attention of the committee to the words of Mr. Menzies. He said that the people of Australia had said to him: "You go ahead; you lead this country." I say that to the government: "You lead this country, but lead it, and if you go too slow we will prod you." There is no reason, however, why we should be subject to abuse for doing the prodding in a constructive way in an endeavour to secure a better war effort and to have certain things that are not right remedied. I will go further and say, in the words of Mr. Menzies, "If you go too fast we shall be delighted, because we did not expect it of you." That is the attitude which I feel should be taken. In my opinion, I repeat, some recognition should have been given the honour conferred upon Mr. Bennett. I do not see any difference between a man receiving a degree from a university, honoris causa, and receiving an honour from the king for meritorious work. The only difference is that the latter comes from a higher and greater power than a university. It is unfortunate that the honour to Mr. Bennett was not better recognized, because what has happened has had a disturbing effect upon a good many people.

Mr. GREEN: I asked the minister yesterday for the figures of the men discharged from the forces from the beginning of the war. Has he them to-day?

Mr. RALSTON: All discharges to the 31st of May were 32,461, all ranks, including 473 discharged overseas. The number of those returned from overseas and discharged is 1,658. The break-down is, medically unfit, 60 per cent —these are rough percentages—under age, irregular enlistment, 6 per cent; not likely to become efficient, or misconduct, 24 per cent; the note says that the larger number of these took place in the early days of the war. The recent regulations have reduced the number discharged for these causes. The percentage of those transferred to other services is 3 per cent; those discharged for miscellaneous reasons, including compassionate grounds, to resume civil occupation, et cetera, 7 per cent.

Mr. GREEN: At what rate are they being discharged each month?

Mr. RALSTON: Up to May the number was 1,912.

Mr. GREEN: Per month?

Mr. RALSTON: Monthly average for five months.

Mr. COCKERAM: What is being done in the department with regard to women's organizations? The department should take some definite stand and give some assistance to these organizations, which are being developed across Canada. They are useful to the country, and I think we should know something of what they are doing.

Mr. RALSTON: That is something with regard to which I expected the former Minister of National War Services would have made a statement, but owing to the change in portfolio this has been left to his successor. The whole matter of the organization, or of interest in the organization, of women is a much larger subject than simply affects the department of defence. So far as the defence departments are concerned, in order to be ready for whatever plan may be worked out, we are making a survey of all the positions in which women can be utilized, and are receiving reports from all districts, camps and headquarters as well. One of the branches at headquarters now is the D.A.G.(M)—deputy adjutant general (mobilization). That officer is working with the Department of National War Services, particularly in connection with those activities.

Whatever general work is done with regard to the coordination of women's activities in governmental services will be done by the Department of National War Services, and the defence departments will get their requirements from the Department of National War Services. It is anticipated that each defence service will have its own branch in which women who can be employed will be engaged.

Mr. COCKERAM: What is the function of the reserve army? As the minister knows, within the last few weeks their training strength has been cut down by at least 50 per

cent, and I believe that those men who joined the reserve army last year did so on the understanding that they would assist their country. But to-day their morale is being definitely destroyed. The minister owes it to the men in the reserve army to tell them what their task is, what is expected of them, and not, merely for the purpose of saving a few dollars, to cut everything from under them at every opportunity.

The commanding officer of my reserve unit has resigned because he was quite dissatisfied with the role that the reserve army has been called upon to play at this time.

Mr. RALSTON: As my hon. friend knows, the role of the reserve army has been definitely laid down in instructions from headquarters. One of its primary functions is to provide reinforcements to the active service force, wherever it is a counterpart to a unit in that force. Second, it must be in such a position as to be ready for mobilization should the necessity arise. Third, it must provide aid to the civil power such as has been the function of the reserve army for many years. These are the three outstanding and primary roles.

My hon. friend speaks of camps. He knows the situation in that regard. We have a great many troops; he knows what our plans are with regard to the movement of troops, and the difficulties in connection with accommodation are considerable. A decision was arrived at with regard to the reserve army, that a certain proportion of its strength should go to camp. The role of the reserve army is well set out, and in a great number of instances reserve units have done remarkably well in the furnishing of reinforcements.

It has been a matter of some disappointment to me in certain instances that the reserve units have not done more. It is said that many men in the reserve army enlisted to do something for their country who did not find it possible to enlist for active service, and at the same time, on top of that, with respect to some units, I have received applications from time to time that units be mobilized. Obviously, one cannot mobilize a unit with any considerable prospect of success if there are not many men in the unit who are prepared to enlist for active service. I do not find fault, but I mention that as one of the difficulties which presented themselves to the department in connection with this very anxious question of reserve units. All of them are eager to serve in some capacity, and many of the communities where they are localized are particularly desirous of being represented in the active service force. But there are difficulties owing to the fact that men who have enlisted with the idea of doing the best they could to serve their country, in such a capacity as a reserve unit might afford in Canada, have been precluded from taking a more active part for various reasons, business, medical or family.

Mr. McCANN: I wish briefly to bring to the attention of the minister and the government the question of medical services in connection with our armed forces. Let me say at the outset that I am not critical of the personnel which goes to make up those particular forces. It is true that there are many square pegs in round holes in this branch of the force, as perhaps has been said of some other branches. By that I mean that it has been necessary to give special training to certain men in the army medical corps where men could have been found who had had that training in their professional and civilian life. I would say to the minister that the medical profession are not convinced that, having in view efficiency and economy, we have the best set-up at the present time. We have three forces: one for the air, one for the navy and one for the land. It is the general opinion that we have more duplication than is necessary. For instance, in the city of Halifax we have hospitals for the men of the navy, the men of the air force and the men of the army. That is an unnecessary duplication of both buildings and personnel and certainly must cost considerably more money. After all, when men in any of these forces become casualties or become ill, when they reach a hospital they are all in the same category. When you have to set up three distinct arms of medical men, you can well imagine that what appears in the papers is true, that there is a shortage of doctors.

Mr. RALSTON: Not if they were all busy.

Mr. McCANN: But they are duplicating work. I am going to suggest how there will not be that shortage if use is made of those who are already in the service. Let me first suggest that instead of spending a good deal of public money for military hospitals, we first make use of the civilian facilities which are already built and equipped and available. That has been done to some extent but not to the extent to which it should be done.

Then, looking further ahead to conditions in the post-war period, if the money were spent on additions to civilian institutions, those could be used to advantage in the after-war period. That is preferable to erecting temporary buildings which will be done away with when the war is over. We could also make use of the staff of these civilian institutions instead of having the military medical staff look after the treatment of men in hospital.

I am also led to believe that there is great duplication in the purchasing of supplies. Old regulations that are in some of the army books are carried out. I have been told by pharmaceutical houses that they receive requisitions for drugs, instruments and other things that are entirely out of date and are not being used in this country.

I bring these suggestions to the ministry not with a view of being critical of the administration. As I say, I have no criticism of the personnel of the army medical corps of the different forces. But I do believe that they could be used to better advantage and that the duplication of services is unnecessary. So far as erecting new hospitals is concerned, that should not be done until such time as civilian institutions are in full use, and when it becomes necessary to build, it should be done as an addition to already existing civilian institutions which are established, and which can be made use of in the post-war period.

Mr. RALSTON: As to duplication of medical services, as my hon. friend knows, the medical service for the air force was separated from that for the army some six or eight or ten months ago after a pretty thorough examination by a medical man who came out from England. I think the ground was that the air force requires special examination on account of the higher medical specifications which are required, and that it was to the advantage of the service that there be separation. My hon. friend will know far better than I the soundness of that view.

The question of the use of civilian hospital facilities has been before us within the last four weeks, and we have found it impossible to lay down any absolute rule that in every case civilian facilities should be used. But we have a rule, and it is being adhered to, that whenever civilian facilities offer themselves the case will be considered on its merits. There is going to be no rigid rule that the army must have a separate hospital no matter what the possibilities are in the particular community where the facilities are needed.

With regard to duplication in purchasing of supplies, I had not heard of that before. My hon. friend also suggested that supplies are being purchased that are outmoded—

Mr. McCANN: And duplication of both supplies and equipment.

Mr. RALSTON: Of course my hon. friend knows that supplies are always bought through the Department of Munitions and Supply. But I will make a note of my hon. friend's point.

[Mr. McCann.]

Mr. JAQUES: I do not know whether the recruiting campaign is entirely to the minister's satisfaction or not. I am not going to argue one way or the other, but it does seem to me that amidst the glamour and excitement of the victory loan campaign the mere recruit must feel like the forgotten man. After all, the problem that faces the common man in Canada at the present time is not so simple as it is in England. In England the people do not have to be told that they must fight or die, kill or be killed. The problem here for the majority of people, not perhaps for members of parliament, but for the masses of the people throughout the country, is not so simple as that. Nor is it made simpler by those who keep on reminding us of the inevitable unemployment, poverty and bankruptcy that must follow victory in this war. Those who are responsible for the recruiting campaign could do no more useful work than to make it clear to the Canadian people that the government will no more tolerate losing the peace than they will tolerate losing the war.

Mr. GREEN: There was an announcement in the press a couple of weeks ago that the number of men called for compulsory training for June had been reduced to about 2,700 men. It was our understanding before Easter that there would be some 5,000 men called up every month. Apparently that number has now been reduced. Will the minister explain why that is, and tell us how many there will be in the future?

Mr. RALSTON: There is accommodation for about 40,000 altogether; that is, about 10,000 a month. The basic centres are combined; the active and the reserve recruits are combined in the basic training centres. The more active enlistments there are, the fewer recruits will be necessary. That has been made plain right along; forty thousand is what we are turning out every four months. The more active recruits there are the fewer will have to be called up under the compulsory training plan.

Mr. GREEN: How many is it expected there will be during the rest of the summer?

Mr. RALSTON: I cannot tell. It depends on the number of active recruits who are enlisted. Does my hon. friend understand that?

Mr. GREEN: Is the minister yet in a position to make any statement with regard to the escape of the twenty-five or twenty-six German prisoners from the prison camp in northern Ontario?

Mr. RALSTON: As my hon. friend knows, a court of inquiry was held under Mr. Justice Embury. The finding of that court was filed

with the department, and the matter is now in the hands of the adjutant general. As a matter of fact, further proceedings are now pending in connection with the matter. I am not in a position to make any statement in regard to it until those proceedings are concluded.

Mr. COLDWELL: I have not yet asked a question in connection with this department, but there is one thing I should like to know. A short time ago I received a complaint with regard to the central mechanization depot in the city of London. I understand that this is practically an ordinary civilian set-up, except for the fact that it is under the Department of National Defence.

Mr. RALSTON: That is a pretty important exception.

Mr. COLDWELL: At least the employees there were on a civilian basis; I will put it that way. Unionization of the men was going on; organization was being carried out, and a conciliation board was applied for. In the midst of the discussion the men were notified by a conciliation officer, I believe named Mr. Chapel—

Mr. McLARTY: There is no such conciliation officer in my department.

Mr. COLDWELL: My information as to the name may not be correct, but the men were notified that the government was about to place this depot definitely under the Department of National Defence, and that in these circumstances a collective bargaining agreement could not be negotiated. I should like to know whether the facts were as I have stated them, and whether this depot comes under the Department of National Defence or under the Department of Labour. Both departments seem to be involved in the situation. Could the minister tell me anything about the matter, as far as his department is concerned?

Mr. RALSTON: So far as my department is concerned the central mechanization depot at London is under the master general of the ordnance, and is a Department of National Defence organization. The depot was established for the purpose of receiving, storing and issuing mechanically propelled vehicles. It also performs the same function for the spare parts and accessories required to maintain and equip such vehicles. Its purpose includes the performance of any work which may be required upon vehicles between receipt from contractors and issue to military formations, such as the addition of special equipment not included in the main vehicle contract. It will also serve as a central repair depot. There is capacity for storing 3,300 vehicles under cover, and these storage facilities permit the following advantageous practices: (a) the flow of production by the automotive industry may be kept relatively even and therefore at the maximum of efficiency; (b) the full establishment of vehicles for a military formation may be purchased, but any quantity not required during the period prior to active service may be held in reserve; (c) a reserve for unknown emergencies may be held.

Mr. COLDWELL: Who are employed at this plant? Are they civilian employees?

Mr. RALSTON: I think they are ordnance men. I am advised that the depot is in process of being turned completely into an ordnance organization.

Mr. COLDWELL: That is just the point. Up to the present time, according to my information, a large number of civilians have been employed in this work, and it was not until the men became dissatisfied with the rates of pay, which are very considerably lower than those in automobile plants such as General Motors and others, and began to organize, that action was taken to place the men directly under the control of the master general of the ordnance, or to militarize the plant. Many of these men, of course, will lose their jobs because of this action, which it is felt was taken to prevent the organization of the men in this plant. That is rather a serious statement for the men involved to make, but it came to me through one of the legitimate trade unions, if I may use that term, and the union officials were very disturbed and wondered if this was going to be a precedent to prevent the organization of men in government plants of this description.

Mr. RALSTON: I can only say to my hon. friend that it may have been concurrent with, or synchronized with, or at the same time as, what my hon. friend mentions, but as I understand it the master general of the ordnance intended this to be a military establishment. I will tell my hon. friend the reason for that, as it was given to me. That was the intention in order to give these men training in handling and repairing these vehicles. As the country knows, one of our most difficult jobs is the training of tradesmen and familiarizing them with these vehicles. This was one of the preliminary steps taken to provide, in effect, a trade school where repairs could be made and familiarity acquired with the various vehicles being used. I cannot tell my hon. friend more than that.

Mr. COLDWELL: So that it was intended, some time before this, that this depot would be militarized?

Mr. RALSTON: That is my understanding. This matter was not discussed with me at all, but if I had had anything to do with it there would have been no question about it, and I believe the master general of the ordnance had this fully in mind from the very beginning.

Mr. GILLIS: Under present regulations, as pointed out by the hon. member for Lake Centre, a man joining the army to-day who has more than two children is obliged to leave a certain number of his children without a subsistence allowance. Is there any intention on the part of the government to change the regulations in this regard? I know men in the unit of which the minister is honorary colonel who have left six children at home, which means that the wife, with an allowance for two children, is required to care for four in addition without provision being made for their maintenance. Is there any intention to change that regulation?

Mr. RALSTON: All these matters are constantly under consideration, but I cannot give my hon. friend any assurance that there is any intention of changing the regulation. I may say that I have made a note of no less than ten different reasons which have been given in this chamber this afternoon as to why men should not enlist. All these matters are being given attention. I can assure hon. members that the recruiting committee, which is in charge of this campaign, have had most of these matters in mind. Notwithstanding all these reasons, however, some of which may be sound and some unsound, I do ask hon. members, though they have given expression to these views here, to do as an old medical officer of mine often suggested: "Don't tell me the difficulties; tell me how to get over them." I ask my hon. friends to do the same thing in connection with this recruiting campaign, because I do not think many of these difficulties are really serious as long as a man is imbued with the spirit mentioned a while ago, the desire to serve his country. I do not wish any hon. member to understand for a moment, however, that because I have not replied to all these matters they have not been considered and are not being kept in mind. Naturally I want to do all I can, and the department wants to do all it can, to make recruiting and army life as attractive as possible under the circumstances, and having regard to the needs and duties which have to be performed.

To supplement my answer to the hon. member for Rosetown-Biggar, perhaps I did not emphasize as I should the fact that the mechanization depot is a place where vehicles actually owned by the army are kept, and from which they are issued.

Mr. COLDWELL: I did not know very much about the depot; I just had the complaint. There is one other point to which I think the minister should give his attention, namely, the position of mothers whose sons have enlisted, such sons or mothers having been on relief before the boys joined. The ruling was—I do not know whether it is still in effect—that because the boy was not a wage-earner and in support of his mother before joining up, the mother was not eligible for any allowance. I do not know whether that has been changed, but if it has not, I believe the minister should give it his attention.

Mr. RALSTON: I believe the ruling was changed about nine months ago.

Mr. COCKERAM: I believe I can say from experience that it is a mistake for the government to accept in the army men who have big families. Consideration should be given to seeing that they are not recruited in the future.

Item agreed to.

185. Normal services. Battlefields memorials, $14,680.

Mr. COLDWELL: Where are those memorials? Are we able to get access to memorials in France, or is there some agreement under which they are looked after?

Mr. RALSTON: I understand these memorials are in occupied France and Belgium. The question may be as to whether payment can be made. However it was thought desirable to make provision for such things.

Item agreed to.

186. Normal services. Book of Remembrance, $6,500.

Mr. COLDWELL: Is the Book of Remembrance finished yet? I believe it was to be completed this year.

Mr. RALSTON: When I was in the department before, I made some predictions about that matter. It is calculated that the photostating of completed pages can be forwarded during the current year so that the whole of the decorated pages can be sent to the Dominion archives for binding not later than December 31, 1941. All materials for binding are on hand.

Item agreed to.

187. Civil pensions—Robert Allen, $269.52.

Mr. COCKERAM: Who are these people?

Mr. RALSTON: These are ex-employees or their dependents who have been getting these pensions for many years. They were injured or killed while on duty. The department makes these grants year after year.

Mr. ADAMSON: Are they civilian employees?

Mr. RALSTON: Yes.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

257. Departmental administration, $188,030.

Mr. COLDWELL: I should like to know what the agreement is between the dominion government and the Bell Telephone company, through the Department of Public Works, with regard to service to government telephones. I ask the question for several reasons, one of which is that the Bell Telephone company is of course a very powerful organization, charging, in comparison with what we pay in western Canada to provincial telephone companies, a very high rate on short-distance calls. At times there is a difficulty in having calls put through quickly from this building to Toronto and Montreal. I have heard complaints in that regard. Upon making inquiry I have been told the reason is that although the company is making very high profits for the United States parent company, as well as for itself, it has not the necessary trunk lines to give that service to which at least the government of Canada and these buildings ought to be entitled. What is the contract with the Bell Telephone company? What are the rates, and cannot some pressure be brought to bear upon this company, whose profits since the beginning of the war have shown an increase, to give at least this city and this building better telephone connection in return for the very high rates everyone has to pay?

Hon. P. J. A. CARDIN (Minister of Public Works): There is a special item in the estimates providing for the use of telephones, but possibly I could answer the hon. member now. The telephone service throughout the government offices in Ottawa is supplied under an agreement entered into in 1937. According to section 4 of the agreement the telephone company is to provide and maintain all telephone apparatus, equipment and facilities required to furnish the service, and the crown must pay the company for such equipment and telephone service at the company's standard rates.

The charges borne by the crown may be divided in this way: Telephone service, which includes rentals of telephone instruments, and mileage, and private branch exchange equipment, including automatic switch devices, switchboards, and so on. The total amounts paid by the crown in the last three fiscal years for telephone service are as follows: 1938-39, $92,000; 1939-40, $102,000, and 1940-41, $144,000. This increase is due to the larger number of telephones installed as a result of the war. For example, in 1939-40 the increase due to the war was $8,000, and in 1940-41 the increase amounted to $50,000. The total number of telephones installed for war purposes since September, 1939, had amounted, in March, 1941, to 1,650. But we are paying standard rates for the service given to the government.

Mr. COLDWELL: That is, the government receives no discount?

Mr. CARDIN: No.

Mr. COLDWELL: On account of the larger number of telephones?

Mr. CARDIN: No.

Mr. COLDWELL: Are the rates fixed by the board of transport commissioners?

Mr. CARDIN: Yes.

Mr. COLDWELL: And we have no way of getting a reduction?

Mr. CARDIN: No.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. HAZEN: Mr. Chairman, there is a matter I wish to bring to the attention of the minister. A building was recently erected at the Lancaster military hospital, at West Saint John, New Brunswick, to be used, I understand, as an isolation hospital or a hospital for contagious diseases. The specifications for the building required the hinges or butts as they are called in the trade, on the inside doors to be of solid bronze. I am informed that these bronze hinges cost about $6 a pair and that they serve no better purpose and cannot be distinguished from steel chromium-plated hinges, which cost about $1.10 a pair. I should like to know why bronze hinges were used when they cost so much more than the steel chromium-plated hinges. It seems to me that this is a waste

of money and that there is inefficiency on the part of the department in specifying hinges of this kind. I would also point out to the minister that it affords an opportunity for a contractor, if he wants to be unscrupulous, to use steel chromium-plated hinges instead of the bronze hinges called for, because it is impossible to distinguish one from the other.

I would also point out that the specifications provided for steel knobs with cylinder lock on the outside door. This form of knob will rust on exposure to the weather. The specifications should have provided for bronze knobs, which will stand exposure to the weather. I do not know if the minister is in a position to give an explanation now, but it is a matter which I think should be investigated.

Mr. CARDIN: I thank my hon. friend for bringing the matter to my attention. I am reminded by the officer here that this building is being erected for the Department of Pensions and National Health and that the specifications had to agree with their requirements. I am not in a position to explain why such a fitting was specified or to give the reason justifying such a requirement, if in reality this fitting was called for by the specifications. In the main I am free to say that I agree with the observations of my hon. friend, but of course there may be some reason which cannot be given at the moment. I will undertake to look into the matter and inform my hon. friend.

Mr. COLDWELL: I wish to ask the minister a question about the stationary engineers employed by the Department of Public Works in Ottawa. It has been brought to my attention that a number of the stationary engineers employed by the public works department in this city are not receiving the one day rest in seven. If that is so, it is a matter of long standing. I would point out that the Lord's Day Act compels the citizens of Canada to observe a weekly day of rest, and if the situation is as I am told it is, the public works department ought not to be breaking one of Canada's own statutes.

The late Doctor Hyndman, former member for Carleton county, asked some questions with regard to this matter and they were answered on June 1, 1938, as reported at page 3433 of *Hansard*. The answer shows clearly that at that time a large number of the stationary engineer employees worked for long periods without a single day of rest. For example, in 1937-38, J. D. Stratton, worked from November 1 to February 20 without a day of rest, and again from March 16 to April 30. E. Nunn worked from November 19 to December 19 without a day of rest, and again from from December 28 to January 29. F. Deavy worked from November 1 to January 16 and from February 1 to April 10 without a day of rest. H. R. Clarke worked from November 1 to January 12 without a day of rest, and then after one day's rest he worked from January 14 to February 7 without a day of rest and again from February 25 to March 9. R. G. Whalen worked from October 15 to November 21 and from November 23 to December 17, or over two months, with only one day's rest in between those two periods, and again from December 19 to January 2, and from February 8 to February 25, without a day of rest. C. Graham worked from November 1 to January 10 without a break, again from January 23 to March 14, and again from March 25 to April 10 without a break. All this was in 1937-38, and I am told that the situation is now very similar to what it was then. If the facts are as I have stated them, this is a flagrant breach of our own statute. How on earth can we expect private companies and organizations and individuals to obey the law when we ourselves break it? These men are entitled to at least one day of rest in seven, and surely the government of Canada, as a model employer, ought to be setting the example to private employers. I bring this situation to the minister's attention.

Mr. CARDIN: I cannot recall the situation as it existed at the time that report was brought down, but my information is that at present all these employees are enjoying one day of rest in the week. Of course it happens that they have to replace each other, but when one of these employees has to work on a Sunday he gets a day off during the week.

Mr. COLDWELL: Is the minister sure of that?

Mr. CARDIN: That is the information which comes to me.

Mr. COLDWELL: The correspondence I have here would not bear that out.

Mr. KINLEY: The information that came from the hon. member was all on the winter season. It may be that in the summer time the duties are very light.

Mr. COLDWELL: The information I have does not seem to bear that out. I should be glad if the minister or the officials with him would make further inquiry.

Mr. CARDIN: I will.

Mr. COLDWELL: Before the dinner recess I was speaking about the Bell Telephone company. Would the minister table that agreement.

Mr. CARDIN: With pleasure.

Item agreed to.

261. Chief architect's branch. Telephone service at Ottawa, $97,000.

Mr. MacNICOL: May I ask a question about items 261 and 262 together?

The CHAIRMAN: Is it the wish of the committee to take items 261 and 262 together?

Some hon. MEMBERS: Agreed.

262. Telephone service other than at Ottawa, $8,000.

Mr. MacNICOL: I notice that the amount voted under item 261, "telephone service at Ottawa," is $97,000, whereas apparently for all the rest of Canada the cost of the telephone service is only $8,000. What makes the cost so excessively high at Ottawa?

Mr. CARDIN: The difference between the telephone service at Ottawa and the outside service is that here we have a governmental service for all the public buildings. We have exchanges for all the services in Ottawa. In the other cities we use the ordinary telephone services without any special switchboard such as we have in Ottawa.

Mr. MacNICOL: Are there more telephones under government control in Ottawa than there are under government control in Toronto, Montreal, and all the great cities of Canada, put together?

Mr. CARDIN: Oh, a very large number.

Mr. MacNICOL: Far more than all the rest of Canada?

Mr. CARDIN: Far more.

Mr. MacNICOL: We are using too many telephones in Ottawa.

Items 261 and 262 agreed to.

267. Chief architect's branch. Construction, repairs and improvements of public buildings. Saskatchewan. Dominion public buildings—improvements and repairs, $35,000.

Mr. COLDWELL: May we have a break-down of this expenditure, please?

Mr. CARDIN: It is not possible to give a break-down of this item. The wording of the item is in general terms, because we cannot ascertain long in advance what will be the requirements for each building in a province.

Mr. COLDWELL: There is no large extension of any public building?

Mr. CARDIN: This covers maintenance only.

Mr. COLDWELL: Just the maintenance?

Mr. CARDIN: Just maintenance and operation.

Item agreed to.

268. Chief architect's branch. Construction, repairs and improvements of public buildings, Alberta. Dominion public buildings—improvements and repairs, $35,000.

Mr. BLACKMORE: Could the minister explain one matter which arrests my attention? I notice that the appropriation under item 263 for the maritime provinces generally, is the same this year as it was last, and the same is true of Quebec, but Ontario's appropriation is reduced, and the appropriation of each of the provinces of Manitoba, Saskatchewan and Alberta, is also reduced. I am curious to know how the minister has been successful in effecting economies on buildings in the three prairie provinces but has not been so successful in the case of Quebec and the maritimes?

Mr. CARDIN: The reduction in this item, as in some others, is due to the fact that we do not expect to have to do as many repairs or as much maintenance work as we had to do in the past year; and, according to the very severe direction which is being given to us by the Minister of Finance, we have to reduce items as much as we can and limit ourselves to the most necessary repairs. There is no prejudice.

Mr. BLACKMORE: I grant fully the validity of what the minister says, but it seems to me that his general principle should apply to Quebec and the maritime provinces with the same force as it does to the prairie provinces.

Mr. MacKINNON (Edmonton West): There are more buildings to maintain in Quebec and the maritime provinces.

Mr. BLACKMORE: There would not be any more in Quebec, I would think, than in Ontario. I notice that there is a reduction of $25,000 in Ontario, but none in Quebec and the maritime provinces. It just arouses my curiosity; that is all.

Mr. CARDIN: I assure my hon. friend that there is no prejudice in so far as I or the departmental officers are concerned in the matter of the treatment of Alberta in comparison with other provinces. We did not spend last year all the money which had been provided for the maintenance of public buildings in Alberta, and accordingly we thought that this year, particularly in view of the policy of economy, there was no use in providing for a larger amount than would be required. Of the vote of $40,000 provided last year for Alberta we expended only $18,000 on repairs of public buildings in that province.

Mr. BLACKMORE: I assume, then, I would be justified in forming the conclusion that we in Alberta must have learned how to take particularly good care of our buildings?

Mr. CARDIN: Probably.

Mr. GILLIS: The policy of the department now is that no new buildings shall be erected. Some time ago the town of Dominion, Nova Scotia, petitioned the Department of Public Works, pointing out that the building used for postal services there is totally inadequate and a disgrace to the Post Office Department. Is it the intention of the department to make any repairs or put that building in some kind of decent shape, in view of the fact that a new building cannot be erected at this time?

Mr. CARDIN: If it is a publicly-owned building, we are providing under the general vote for repairs that may be necessary. If it is not a publicly-owned building, if it is rented, we do not make the repairs ourselves; they are supposed to be made by the proprietor of the building.

Mr. GILLIS: It is a rented building.

Mr. CARDIN: But we make representations to the proprietor and probably induce him to make the necessary repairs, or we suggest that a change be made. Is it a post office?

Mr. GILLIS: Yes.

Mr. CARDIN: We are governed to a large extent by the representations which are made to us by the Post Office Department. My information is that the Post Office Department pay the rent for the building which they occupy. I will undertake to make the necessary representations. I will make a note of what the hon. gentleman has said.

Mr. GILLIS: I have a copy of representations made by the town council of Dominion to the department with regard to the erection of a suitable building in the town. The reply was that no new undertakings were to be made at this time. From the description I have of the building, it is a distinct reflection on the Post Office Department. I brought the matter up when the Postmaster General's estimates were before the committee, and he referred me to the Department of Public Works. In the light of the correspondence, will the department consider putting the building into decent shape or providing a building that is suitable?

Mr. CARDIN: The Postmaster General, I presume, was thinking of a new building. If the building is rented, the rent is paid by the Post Office Department. I will, however, look into the matter.

Mr. ROSS (St. Paul's): Will the minister put on *Hansard* the value of the public buildings owned by the dominion in the various provinces? We cannot tell very well what is necessary unless we know the values of these properties. I do not want the answer now.

Mr. CARDIN: Yes.

Item agreed to.

271. Chief architect's branch. Dominion quarantine stations—maintenance and repairs, $17,000.

Mr. COLDWELL: Where are these stations?

Mr. CARDIN: In Halifax; Sydney; Tracadie; Quebec-Savard Park; William Head, and Bentinck island in British Columbia.

Mr. COLDWELL: I was wondering what the accommodation was like at Halifax, where there was some difficulty this winter with certain diseases brought in by sailors. Perhaps that comes under the Department of Pensions and National Health, and I was wondering why there was not an amount included for the extension of that work if the accommodation was insufficient at any of these ports.

Mr. MACKENZIE (Vancouver Centre): So far as the Department of Pensions and National Health is concerned, I took up the question immediately after my hon. friend made his speech in the house, and I was assured that with regard to both accommodation at the quarantine stations and hospital beds there was ample provision in Halifax. The lack of accommodation was in connection with the social care of men and not in hospitalization or in quarantine.

Mr. COLDWELL: I am glad to hear that.

Item agreed to.

273. Chief architect's branch. Flags for dominion buildings, $2,500.

Mr. MacNICOL: Is any other flag than the union jack flown on any public buildings?

Mr. CARDIN: No.

Item agreed to.

279. Chief engineer's branch. Dredging. Maritime provinces, $349,700.

Mr. HAZEN: Where was dredging done last year in the maritime provinces; what was the cost in the different places, and what quantity of material was removed?

Mr. CARDIN: I regret that I am not able to give the places where dredging was done. There were three dredges in Prince Edward Island, two in New Brunswick and six in Nova Scotia, doing minor work which it was not thought advisable to give under contract. It was decided to have it executed by the

equipment of the department. The details are not before me, but I can give them to my hon. friend, probably to-morrow.

Item agreed to.

280. Chief engineer's branch. Dredging.—Ontario and Quebec, $259,300.

Mr. MacNICOL: On page 170 of the estimates there is a detail of the increase of $59.300 in this item. Where are the extra works being erected?

Mr. CARDIN: I cannot give the reason for the increase, but I can give certain figures which may explain the situation. The big items are: Cobourg, $20,000; Oshawa, $20,000; Port Hope, $11,000, in round figures; Toronto, eastern channel, $15,000; Whitby, $9,000. These are the big items; the others are small items of a few hundred dollars.

Item agreed to.

282. Chief engineer's branch. Dredging. British Columbia, $190,000.

Mr. BLACKMORE: How is it that we find economies effected in Manitoba, Saskatchewan, Alberta and British Columbia, but they are singularly lacking in the case of Ontario and Quebec?

Mr. CARDIN: The only explanation I can give is that the location is responsible. There are many more places in Ontario and Quebec where dredging is necessary than in Alberta or Saskatchewan or even in British Columbia, although in British Columbia there are large areas that have to be dredged, and dredging is going on continually.

Mr. BLACKMORE: It would seem to me that in Alberta, Saskatchewan and Manitoba there would be about the same number of areas to dredge this year as last, and I do not see how labour would be any cheaper. Therefore it is difficult to see how these economies have been effected. Of course I should not like to have the minister go to the trouble of giving a complete break-down of the figure, but it seems unusual.

Mr. CARDIN: The amount being voted this year for the three prairie provinces is practically the same as last; there is a decrease of only $24.

Item agreed to.

287. Chief engineer's branch. Maintenance and operation of graving docks, locks and dams, etc. Locks and dams, $49,174.

Mr. HAZEN: Where is the St. Andrews lock and dam located?

Mr. CARDIN: It is on the Red river in Manitoba?

Mr. HAZEN: What about the locks on the Rideau canal in Ottawa? Does the minister's department maintain them?

Mr. CARDIN: That comes under the Department of Transport.

Item agreed to.

288. Chief engineer's branch. Maintenance and operation of graving dock, lock and dams, etc. Snag boats, $41,600.

Mr. NICHOLSON: I do not find any item here for Churchill. In view of the large expenditure the government has made there, would the minister make some statement—

Mr. CARDIN: That is under the Department of Transport.

Mr. HAZEN: Where do these snag boats operate?

Mr. CARDIN: Both of them in the Fraser river in British Columbia.

Item agreed to.

312. Telegraph branch—reconstruction, repairs and improvements, British Columbia—Vancouver island district, $9,000.

Mr. COLDWELL: Before we leave these telegraph branch items, may we have some idea what these telegraph and telephone services are, just generally?

Mr. CARDIN: These telephone and telegraph services are established and maintained to promote communication with the remote districts which privately-owned organizations do not serve. It is a public service which is of great importance for the people living in the remote sections. It is operated at a loss, but I think the service is worth it. The private companies will not go there; that is the important point.

Mr. COLDWELL: I asked the question in order to bring out that information. It is another of those cases where the private companies cannot make a profit, and accordingly they do not go in. If our people understood that the government carries on many services which are not profitable, we might have a little less criticism of the ordinary normal expenditures of the country.

Mr. HAZEN: What income is derived by the government from the operation of these services?

Mr. CARDIN: I regret that that information is not tabulated. I would have to take each one separately. We have for each section a statement showing the revenue and expenditure. I think I could give my hon. friend the total to-morrow morning.

Item agreed to.

313. General. National gallery of Canada, $43,720.

Mr. COLDWELL: The amount is I see, almost entirely taken up by salaries. When the country decides to purchase pictures, if it ever does, out of what account would that come?

Mr. CARDIN: It comes out of this vote.

Mr. COLDWELL: Do we ever buy any pictures for the national gallery?

Mr. CARDIN: We have not done so for a long time.

Mr. COLDWELL: It seems to me that even in war time we should keep up our expenditures for some educational and cultural objects. We should be encouraging in every possible way the promotion of Canadian national culture. We have a number of artists who are doing fine work in developing a particular kind of Canadian art. I should like to see something included in our estimates that would enable the national gallery to purchase some of the best of the pictures that are painted each year, even if only a relatively small amount is devoted to this purpose.

We should do much more than we are doing now to encourage Canadian art and literature; I believe the country is really doing very little indeed in that direction. I am not suggesting that anything should be included at the present time, but I hope the question of inserting an item in the estimates on some future occasion will receive consideration.

Item agreed to.

315. General. To supplement, on approval of treasury board except where less than $200 is required, any of the appropriations of the Department of Public Works, $100,000.

Mr. MacNICOL: May I ask if the palace of justice, the supreme court building, has been completed?

Mr. CARDIN: It is practically completed.

Item agreed to.

515. Special. Chief architect's branch. Construction, repairs and improvements of public buildings. To close out contracts—further amount required, $370,000.

Mr. COLDWELL: These items are going through so quickly it is impossible to follow them; as a matter of fact in my copy of the supplementary estimates the numbers are not very clear, and therefore I could not follow them in any event. I presume these are all right, but I imagine I shall have to rely on the judgment of other hon. members.

[Mr. Cardin.]

Mr. CARDIN: I am now in a position to comply with the request made a short time ago, and table herewith a copy of the agreement between the Bell Telephone Company of Canada and His Majesty the King.

Mr. COLDWELL: Thank you.

Item agreed to.

DEPARTMENT OF TRANSPORT

363. Administration of the Transport Act. Board of Transport Commissioners for Canada —administration, maintenance and operation, $280,760.

Mr. GREEN: Will the minister tell the committee whether there have been any agreed charges under the Transport Act which was put through two or three years ago; that is, where an agreement is made for a reduction in rates. I think in each case any such agreement has to be approved by the board of transport commissioners.

Mr. HOWE: Perhaps I can answer that question, since I was very much concerned with the question of agreed charges. There have been some ten agreements put through, I think none within the last year.

Mr. WRIGHT: I should like to repeat a question I brought forward the other day in connection with another department, when I was told to wait until the estimates of the Department of Transport came up. The question had to do with freight rates to Fort Churchill. In the northeastern part of my province, on the Canadian National line from Prince Albert to Hudson Bay junction, the freight rate on wheat to Fort Churchill is something like three cents a hundred less than the rate to Port Arthur and Fort William. All the grain that goes to Churchill is shipped over that line, but the farmers do not obtain the benefit of that freight rate. They pay the freight rate to Fort William, and the difference is credited to the wheat board. In Alberta, where most of the grain at the present time is shipped to Port Arthur and Fort William, they are given the benefit of the Vancouver freight rate, and I am just wondering why the people on the line from Prince Albert to Hudson Bay junction are not given the same consideration.

Hon. P. J. A. CARDIN (Minister of Transport): I am afraid the question raised by the hon. gentleman is rather involved, and I am not quite sure that I am the one to answer it. I will undertake, however, to look into the matter and to discuss it with the other departments that might be concerned and also with the board of transport commissioners. At the moment I am not in a position to give a proper answer to this question.

Mr. WRIGHT: Would the minister send me that information when he obtains it?

Mr. CARDIN: Yes.

Item agreed to.

376. Canals service. Canals service administration, $37,810.

The CHAIRMAN: It will be observed that items 364 to 375 inclusive have been left for the time being. They will come up later, when we consider air services.

Item agreed to.

377. Canals service. Canals—operation and maintenance, $2,213,669.

Mr. COCKERAM: Will the minister break down this item, please?

Mr. CARDIN: This item can be subdivided as follows: permanent staff, $1,065,000; temporary assistance, $728,000, or a total, for staff of $1,794,000. Allowance—this means board for employees on dredges and tugs—travelling expenses and so forth—

Mr. COCKERAM: I have that information; thank you.

Mr. COLDWELL: How are these employees appointed? Is this just casual labour or are they permanent employees appointed by the minister, or by the civil service commission?

Mr. CARDIN: By the civil service commission.

Item agreed to.

385. Marine service. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $1,802,560.

Mr. POTTIER: I should like to bring to the attention of the minister a serious situation which has arisen as a result of the employment of men on lightships. For some twenty or thirty years these men were considered temporary employees, and until some two or three years ago no provision was made for their superannuation. Some of the men who were retired in 1933 and 1934 are now receiving old age pensions. They served faithfully on these ships, and I should like the minister to give some consideration to their case. In my constituency there is Captain Larkin, who served for thirty-five years on the lurcher lightship and who is now in such circumstances that he requires and should receive some assistance. I am asking the minister to give this matter his attention.

Mr. CARDIN: I am informed that in the last few years it has come under superannuation.

Mr. POTTIER: In the last three years.

Mr. GILLIS: I have in mind the salary of a harbourmaster at Glace Bay, Nova Scotia. Considerable correspondence has passed between the minister and myself with reference to this matter. I understand the regulations state that in the smaller harbours the harbourmaster must depend for his wages upon fees paid by boats entering and leaving the harbour. This man is in quite a busy harbour, where perhaps 400 or 500 boats go in and out. The department requested that he make his returns for the year 1940, and he has forwarded me a copy of a statement showing cash receipts at that harbour in 1940. The statement shows receipts of exactly fifty cents. It would seem, therefore, that he is not too well paid.

I have spoken about the matter because the man in question has been known to the fishermen around there for many years. He is one of the best qualified men in his line of work who could be secured in Canada, and is a valuable official for the department. He does a lot of work at that point. The minister has informed me through correspondence that the act will have to be changed to permit the payment of a salary or any other remuneration to this man. Is there any regulation under which he could be compensated? If he leaves his present job I am sure he will never be replaced at the same salary. He is carrying on a very necessary work among the fishermen. He must have food; he is very well qualified and sticks to his job religiously because he realizes the value of his services to the fishermen in that harbour.

Mr. CARDIN: I am afraid that at present there is no means of coming to the rescue, if I may use that word, of this gentleman. We have no means of compensating him for the services he is performing. When there is no return for the government we cannot pay the officer who is supposed to be looking after the harbour. However, the man is not forced to occupy that position; he is free to do any other job of which he is capable in that locality. He is not what might be described a regular employee of the government, and therefore he is not prevented from doing other work. Unfortunately at the present time nothing can be done to remedy the situation. There are several other cases similar to the one described, because we have a number of harbours in Canada where the revenues are not great enough to pay harbourmasters. In fact we have some difficulty in some places in finding persons who are ready to act as harbourmasters, because the revenue is so small. I regret I cannot do anything in this instance.

Item agreed to.

399. Railway service. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $41,120.

Mr. POIRIER: Mr. Chairman, I do not wish to try the patience of the committee, but while we are on the railway estimates I desire to inform the house that on March 28 last I handed to the Minister of Transport (Mr. Cardin) a brief on the subject of the Baie des Chaleurs railway. In substance, this brief stated:

Work has been begun on the establishment of a naval base and an air base at Gaspé. Now that the battle of the Atlantic is under way and that German submarines and cruisers are only some three hundred miles from our eastern coasts, this project is of incommensurable importance. It is quite possible that the enemy may enter the gulf of St. Lawrence and attack the Gaspé coast, which lies open and defenceless. Thus the urgent need of pushing forward the organization of these two defence bases.

In order to establish communication with these bases, to move the requisite supplies, material and troops, it is a matter of imperative necessity and immediate urgency to improve the Baie des Chaleurs railway. This line, some two hundred miles in length, is the property of the Canadian National Railways. At present, it cannot carry heavy locomotives and freight cars cannot be loaded to full capacity on account of the poor condition of the line. The road-bed needs to be ballasted throughout its entire length and light rails replaced by heavy ones over a length of 45 miles. This would ensure a twofold result—the normal defence of the Gaspé peninsula and the whole country in wartime, and normal railway facilities in time of peace.

May I point out further that while industrial activity, employment and prosperity are the rule in most sections of the country at present, the Gaspé peninsula remains in a state of unemployment and comparative poverty. Doubtless it would be difficult to establish war industries in that section of the country. But that could be made up for by improving the railway line. The result would be (a) to provide work for the unemployed; (b) to strengthen our national defence; (c) to anticipate postwar needs, and (d) to give justice to this section of the country which has never enjoyed its share in the Canadian confederation and has always been looked upon as a poor relation.

This is not the first time that the house has heard of the Gaspé railroad. My predecessor, Hon. Charles Marcil, frequently pointed out the poor condition of the line and the state of inferiority in which the Gaspé people found themselves as a result.

Many of the older members will recall the fine personality of Hon. Charles Marcil. An intimate friend and counsellor of Sir Wilfrid Laurier, he represented Bonaventure during thirty-seven years without interruption and without suffering defeat at the polls. A most eloquent speaker, he often held the house spellbound. He was rightly called golden-tongued. He had the honour of accompanying Sir Wilfrid Laurier from one end of the country to the other during the campaigns of 1904, 1908 and 1911.

As I said, Mr. Chairman, my predecessor, Mr. Marcil frequently called the house's attention to the Gaspé railroad. I shall quote from a speech he delivered from this floor on the 21st of June, 1923, as the words he uttered then are applicable to the present situation:

The two counties of Gaspé and Bonaventure are inhabited by 60,000 people, and we could easily have three times that population if we had a proper railway service. These two constituencies cover 10,000 square miles of the most fertile territory in the province of Quebec, with a double advantage of being situated by the sea, having thousands of miles of timber and pulpwood, mineral resources, fertile soil, and splendid fisheries producing some of the finest fish of the North American continent. Our rivers are visited yearly by the cream of American and Canadian society. Nevertheless the district has remained in a quiescent state. During the decade from 1911 to 1921, the population increased by only 500. Why? Because the industries in both Gaspé and Bonaventure, one after another moved away across the Baie des Chaleurs to the Intercolonial where they could get service over which they could send their produce. At Nouvelle, to begin with, the Province of Quebec Lumber Association transferred all its lumber over to Dalhousie, and it is operating on the main line of the Intercolonial. The same thing happened at Bonaventure and New Richmond where the mills of the McLean Lumber Corporation were transferred to Bathurst, and to-day we witness the spectacle of this lumber being cut in these two counties and being transported in booms across the Baie des Chaleurs, a distance ranging from 25 to 50 miles, to be sawn and placed on board cars to be exported to the Canadian and American markets at great disadvantage and loss. The result of this is that the young people are leaving these two counties daily, and settling, unfortunately a large number of them, in the United States. We are losing our population, and this because we have not an efficient railway service which would develop the resources of these constituencies as they should be developed.

Hon. Mr. Marcil's speeches always ended with a request to the government of the day to have the Baie des Chaleurs railroad made part of the Canadian National Railways.

Finally in 1928, thanks to the personal intervention of the Minister of Justice (Mr.

Lapointe), the Baie des Chaleurs road was taken over by the Liberal government and incorporated into the national system.

I wish here to convey to the Minister of Justice the gratitude of the Gaspé people for this act of justice. In spite of the minister's well-known modesty, we have been definitely apprised of the fact that he is responsible for the success met by Hon. Mr. Marcil in attaining the object of his oft-repeated requests. The Minister of Justice has earned the admiration and gratefulness of the people of Gaspé for having thrown all the weight of his influence on the side of their section of the country.

As a consequence, Mr. Chairman, the Baie des Chaleurs railway has been operated by the Canadian National railways for almost thirteen years. Many complaints have been attended to; we enjoy freight rates that are considerably lower than formerly; the right of way is better kept and the service much more convenient than under the old management.

However, I must say, as suggested in the brief from which I quoted that we are still a long way from perfection. The Canadian National boasts of having expended $1,300,000 in the last twelve years in improvements of all sorts. Well, Mr. Chairman, this line was in such a bad way, that even the expenditure of this seemingly large sum of money still leaves it in a deplorable state.

Two hundred miles of that line require ballasting. In many places it follows the shore so closely that protection walls had to be built to check the eroding effect of the sea. Many of those works are in such a bad shape that people are fearful, and not without cause, when travelling over these precipices.

Mr. HANSON (Skeena): On a point of order, Mr. Chairman, the hon. gentleman is reading and reading so fast that I cannot follow him.

Mr. POIRIER: I would say, Mr. Chairman, as the hon. member for Parkdale said a few weeks ago, that I am referring to my notes.

Mr. HANSON (Skeena): But he is reading them too fast for me to follow him.

The CHAIRMAN: The hon. member for Skeena (Mr. Hanson) requests the hon. member to read more slowly, in order that he may follow.

Mr. POIRIER: Furthermore, and I presume to call the Minister of Transport's attention to this fact, all through the spring period the trains had to reduce their speed to ten or twenty miles an hour on account of the poor condition of the right of way. At least forty-five miles of this line is built with light steel weighing only fifty-six pounds a yard. As everyone knows, modern locomotives cannot use rails of such light weight and consequently, the equipment running on this line remains inadequate.

I hope the Minister of Transport, whom I have made conversant with this condition, will consider the matter in conjunction with the board of railway commissioners and decide to undertake, with the shortest possible delay, the improvements requested.

Mr. CARDIN: The hon. member may rest assured that I will send his request to the management of the Canadian National railways with the greatest pleasure and give it all possible support.

Item agreed to.

400. Railway service. Hudson bay railway—construction and improvements—capital, $14,000.

401. Hudson Bay railway—To provide for the difference between expenditures for operations and maintenance, and revenue accruing from operation during the year ending March 31, 1942, not exceeding, $350,000.

Mr. MacNICOL: When the hon. member for Qu'Appelle left for home the other night, he asked me if I was going to say anything about the Hudson Bay railway, and I said I would on my own behalf and also on his behalf. It shows his interest in the Hudson Bay railway. Here is an item of $350,000 to cover a deficit in the operating expenses of the Hudson Bay railway. I realize that this year little if anything can be done to eliminate the deficit because, as the Minister of Trade and Commerce said, it is not possible at the present time to convoy wheat shipments from Churchill across the ocean, but a year or two ago that would not be an excuse. The Hudson Bay railway is to my mind a very good road when it is being operated. There is no vote here for a deficit on capital account, but if there were and it were added to the $350,000, we should have a considerable sum. I wish to say for the Hudson Bay railway that it is a well built road, with fine rails, and smooth to ride over. The trains of the Canadian National which run up there in the summer to take tourists into that country are good trains and well operated.

During the last year or two, no grain, so far as I can ascertain, has been carried over the road; but, as the Minister of Trade and Commerce said the other day, for over a year 2,600,000 bushels of wheat have been stored at Churchill. To-day, however, the road is carrying no freight that is worth while between the Pas and Churchill.

Has the department control over the protection and guarding of the bridges from the Pas to Churchill? There are three large and magnificent bridges. The second at Manitou and the third at Kettle Rapids, both on the Nelson river, are two of the finest bridges I have ever seen. I am aware that the Minister of Munitions and Supply knows all about them because he has been over them many times. If these two bridges are not guarded they should be, because if they were destroyed it would stop traffic over the whole road to Churchill. The same remark applies to the bridge at the Pas, which is the first. It is a six-span bridge over the Saskatchewan river, about 1,000 feet long.

If the elevator at Churchill belongs to the government, it also should have protection, but so far as I can see there is little protection there. It is a magnificent elevator, built by the Minister of Munitions and Supply, and it is a credit to him. In addition to these bridges which should be protected, there are four roundhouses at the Pas, Wabowden, Gillam and Churchill. The road has equipment enough to carry a thousand times the freight that is going over it to-day. I talked to one of the main men on the road, and he told me that if they had ten million bushels passing over the road yearly it would pay the operating costs and there would be no deficit.

May I say to the Minister of Transport that when the time comes again that wheat can be shipped by Churchill, if he is the minister, I hope an effort will be made to ship at least 10,000,000 bushels. That is not very much out of a crop of three or four hundred million bushels, but it would be sufficient to take the cost of operating the road off the backs of the Canadian people. I do not see why western members, particularly those from Saskatchewan, Manitoba and Alberta, do not take this matter up. I realize that there is not much hope for this year, because the Minister of Trade and Commerce has told us that there cannot be any convoys out of Churchill. In the past, however, the western members should have fought for fair play for the Hudson Bay railway.

Mr. COLDWELL: I think they did.

Mr. MacNICOL: I never heard of anyone fighting for it.

[Mr. MacNicol.]

Mr. COLDWELL: The hon. member for Mackenzie did.

Mr. MacNICOL: Perhaps I should not be so all-inclusive. It may be that some of them did. At any rate, I hope that when the time comes again, some of them will, and that the minister will be sympathetic, because it cost the Canadian people about $50,000,000 to build the road and it is costing them about $400,000 this year to pay the deficit on the operating costs.

Mr. NICHOLSON: I should like to go on record as supporting what the hon. member for Davenport has said. Those of us from the western provinces are tremendously interested in the success of this route. Hon. members will recall that I raised the question two or three times last year, and the present Minister of Munitions and Supply explained at that time that the position was that ships would not be available without convoy protection being supplied, and that that was not practicable. I understand that is still the situation. I suggest that other hon. members should do as the hon. member for Davenport has done, namely, take a trip to Churchill at some time during the recess and learn something of the possibilities of that country. They might consider engaging the hon. member for Davenport as special publicity agent. We appreciate very much the publicity he has given to this channel of transport.

Mr. COCKERAM: Mr. Chairman, you rushed by item 390 so fast that I did not get a chance to speak on it.

The CHAIRMAN: I understand that some other hon. members wish to speak on items 400 and 401. If the hon. member wishes to revert to item 390, I shall call it again, with the consent of the committee.

Mr. BLACKMORE: I have not been able to get a clear understanding why it is that grain cannot be shipped out of Hudson bay.

Mr. CARDIN: It is because we cannot get any ships to call at that port.

Mr. BLACKMORE: Why cannot we get ships?

Mr. CARDIN: Well, shipping involves convoys, and I understand that there are difficulties in view of which the authorities in London do not wish to send ships to Churchill during the war.

Mr. BLACKMORE: I am not satisfied, by any means.

Mr. CARDIN: We cannot control the situation.

Mr. BLACKMORE: I should like to ask one or two more questions. The information I have up to the present time justifies me in the belief that for some reason or another, which simply will not hold water—

An hon. MEMBER: The Hudson bay?

Mr. BLACKMORE:—the Churchill route is not being used. It is stated that the authorities cannot supply convoys for ships out of Hudson bay. First, I should like to know why convoys are necessary until the ships get out of Hudson bay entirely. Surely there are not enemy submarines in Hudson bay; why should there be convoys until ships reach the open sea. If there is a sufficient number of ships, why cannot escorts accompany them from the entrance to the Hudson bay just as they accompany them from the St. Lawrence?

Mr. CARDIN: The responsibility does not rest with the Department of Transport. It is not for me to decide. I have no authority to impose my will on the proprietors of the ships, or on the companies, and if no escort is supplied for ships navigating in the bay I cannot force companies to send over their ships without convoys. I have no idea what the Canadian government could do to improve the situation in that regard. If there were any possibility of improving it we would be ready and anxious to relieve the condition, instead of paying a deficit such as we are providing for this year.

Mr. BLACKMORE: I am to understand, then, that the matter of using that valuable harbour, that railway, and that magnificent elevator does not lie in the hands of the Canadian government? Is that right?

Mr. CARDIN: No; that is not it. But we cannot force proprietors of ships to send their boats to Hudson bay against their will. We have provided a railway, elevators and aids to navigation, and it is not our fault if shipowners do not wish to take advantage of these facilities at the present time. To a certain extent the reason which they give is a good one; they do not desire to navigate their ships during the war without convoys.

Mr. BLACKMORE: Is the minister in a position to tell us how many years there has been a deficit on that railway? Was there a deficit in 1936?

Mr. HOWE: Yes.

Mr. ROWE: There has been a deficit ever since it was built.

Mr. CARDIN: The deficits were:

Year	Amount
1935-36	$239,000
1936-37	252,000
1937-38	364,000
1938-39	285,000
1939-40	330,000

Mr. ROWE: It is getting worse all the time.

Mr. CARDIN: Last year we provided for $350,000, plus $68,000 in the further supplementaries.

Mr. BLACKMORE: Am I to conclude then, that British companies had an objection to sending their ships into Hudson bay in 1936?

Mr. CARDIN: No.

Mr. BLACKMORE: Why was there a deficit then? Manifestly the line was not being used in 1936, and if the reason given for the present deficit is that we cannot get convoys, what was the reason for the deficit in 1936?

Mr. CARDIN: Movements of wheat, by years, have been as follow:

Year	Wheat shipped bus.
1935-36	2,351,633
1936-37	2,683,415
1937-38	Nil
1938-39	3,201,167
1939-40	2,101,089
1940-41	120,315

The revenue from the wheat movement in 1940-41 was $8,587.33.

Mr. COLDWELL: At the moment, of course, the difficulty is really a matter of convoy. Ships have to be assembled somewhere in large numbers in order that warships may escort them across the sea, and some other ports in Canada are suffering in consequence of that assembly. I would join with those who have spoken in suggesting that the Hudson bay route is feasible. It is several hundred miles shorter than the route now used.

Mr. MacNICOL: It is much more than that. From Churchill to Liverpool the distance is very little more than from New York to Liverpool.

Mr. COLDWELL: It is several hundred miles shorter.

Mr. MacNICOL: Over a thousand.

Mr. COLDWELL: It is several hundred miles shorter than the routes now used, and undoubtedly the route has never been given a fair trial. I do not know exactly what the minister in charge of marine matters could tell us about aids to navigation which have been placed there, or whether the Minister of Public Works is responsible for the placing of aids to navigation or for the provision of them. These departments get so mixed up sometimes that it is difficult to sort them out. When the war is over, I am sure there will be pressure from western Canada to give the route a fairer trial than it has had up to the present time. The British are very conservative. Shipowners and naval men usually like to do what they have been used

to doing, and if the war is prolonged and becomes intensified there is still a possibility that this route may be of immense value to Canada and Great Britain. It is short; it is well north, and it would save a perilous passage for ships along the Atlantic coast. I do not profess to know much about shipping or naval affairs; but if the war is prolonged, the conservatism of the authorities may be broken down, and this route may yet be a valuable outlet for supplies to Great Britain. I am glad to know that the road and the facilities are being maintained, and even if we are spending a great deal of money this year and taking a serious deficit, I believe it is worth while keeping everything in good shape, because the time may come in this war when we shall find that route a useful one.

Mr. CRERAR: I should like to say a word or two on this question because, as it happens, the port of Churchill is in my constituency. The fact of the matter is that Churchill has suffered in the last five or six years from conditions beyond the control of any government. In 1937-38 no grain was shipped there. Why? Because in that year Saskatchewan did not produce enough wheat to meet its own requirements. From the date of the opening of the port there has been a steady increase in business until adverse conditions arose.

What the hon. member for Rosetown-Biggar suggested a moment ago was correct. There was a conservatism in shipping circles regarding the practicability of the Hudson bay route, but from the first or second year of its use as a port the insurance rates on cargoes of grain and on hulls were reduced, not to the point they would ultimately reach but considerably.

The hon. member for Lethbridge offers criticism because the port has not been used in the last two years. Well, shipping in Great Britain since the outbreak of war has been under the direction of the minister of shipping, and they will not send ships to Churchill on account of the risk involved. The ship would come out through the Hudson bay strait, but submarines are operating not very far off the coast of Greenland, a very short distance indeed from the outlet of the strait, and consequently cargo vessels are exposed to the risk of sinking by submarines unless accompanied by convoy. Therefore this route is not practicable at the moment.

I am as much interested as any hon. member in seeing the port developed. I have been one of its consistent advocates from the earliest date, and I am as much convinced as the member for Rosetown-Biggar that the day will come, not perhaps in the next few years but some time, when the route will be one of the great trade routes of the world. There are no doubt practical difficulties to-day against it, but not from lack of sympathy on the part of the Minister of Transport or of the government. The people in the district fully recognize the difficulties. When the war is over, however, and we return to peaceful conditions and safety at sea, the port will come into its own and will be used.

It is worth while mentioning that there is less than one hundred miles difference in distance as between that port and the port of Montreal in relation to Liverpool, and consequently all that area which lies in the northwestern and central part of Saskatchewan is many hundreds of miles closer to Liverpool by that route than by Montreal or Vancouver. Churchill is not the only port that has suffered from war conditions. Let the hon. member inquire as to the amount of wheat that has gone out of Vancouver in the last eighteen months, and he will find it has been practically stationary so far as shipments to Great Britain are concerned.

These are conditions that arise out of the war and they are beyond the control of the Minister of Transport. They are beyond the control of the government, and they will not be remedied until the war is over; but I have every confidence in the future of the port when the war is over and we return to peaceful conditions.

Mr. ROWE: What steps if any have been taken to make sure that bridges at different points on the railway are protected? Our chief concern should be about the possible necessity before the war is over, of resorting to greater use of the road.

An hon. MEMBER: Keep a pack of wolves round every bridge.

Mr. ROWE: There are many wolves round bridges in this country, and we are fortunate that some of them have not been blowing up some of our bridges at vital points of transportation across Canada. We should be thankful that we have not been disturbed by acts of sabotage and other destructive efforts of enemy aliens in this country. Even in that outlying district and even if the bridges are not in great use, the government should see that they are guarded.

Mr. CARDIN: Guards have been appointed to look after these bridges. They are protected in the same way as all the works of the Canadian National Railways.

Mr. ROWE: They are on duty?

Mr. CARDIN: Yes.

Mr. COLDWELL: What has happened to the bridge across the Nelson river at Port Nelson? Is it still there? It is a beautiful bridge standing alone.

Mr. CARDIN: All the works that have been erected at Port Nelson have been abandoned since Churchill was chosen.

Mr. COLDWELL: Has anything been done to reclaim for war purposes the steel in that bridge? There is a huge amount.

Mr. CARDIN: My information is that the steel has not yet been reclaimed.

Item agreed to.

390. Marine service—Administration of pilotage—$194,600.

Mr. COCKERAM: There is an increase of $65,000 in this item. The details show "recoverable loan to pilots, $65,000". What is that?

Mr. CARDIN: This is to make a loan to the pilotage authority in Halifax to build a pilot boat to replace one which was lost. That money is to be reimbursed to the government. It is an advance such as we make to all the pilot authorities to build the boats they require, and the money is reimbursed to the government afterwards.

Mr. COCKERAM: Have the government a mortgage on the boat?

Mr. CARDIN: Yes.

Item agreed to.

405. Canadian travel bureau service—To assist in promoting tourist business in Canada, $500,000.

Mr. GREEN: Would the minister explain the situation with regard to tourist travel this year? Last year tourist travel was nothing like it was hoped it would be.

Mr. CARDIN: It is very difficult to outline completely the situation. We all know it is difficult on account of the war to move from one country to the other, and there is no doubt an agitation is being made in the United States against people coming to visit Canada.

Mr. GREEN: Is that so this year too?

Mr. CARDIN: Yes, and according to the information given to me the campaign against Canada has been intensified. Recently the director of the tourist bureau made a visit to the United States and spent three or four weeks there visiting all the important centres, and when he came back he reported that the situation was very bad; that the propaganda against Canada was very extensive and was having a great effect.

Mr. GREEN: What steps are being taken to counteract it?

Mr. CARDIN: It was with great satisfaction that he learned that the invitation issued by the Prime Minister explaining the situation had a very good effect upon the United States public. The director made a proposal to have a certain number of our public men deliver addresses explaining the situation, to dispel the misapprehension which exists in the United States. He recommended in particular that the Minister of Justice be asked to broadcast from Washington, and said he undoubtedly would be given the advantage of the broadcasting stations in the United States capital. It was suggested also that members of parliament and all those who have an opportunity of going to the United States take advantage of their visit to explain that it is not so difficult to visit Canada and that the embarrassments spoken of so much by the propagandists are not true. There is a possibility of combating in the United States press this bad influence against our tourist traffic, but it is quite a job.

Mr. GREEN: Are we doing any broadcasting from Canadian stations to clear up that situation? Take, for example, the stations near the boundary; why do we not have regular broadcasts from them?

Mr. CARDIN: That is done. I have had control of that branch of the Department of Transport for only a short time, and now it is going to be handed over to the new Minister of National War Services.

Mr. GREEN: But there must not be any delay, because the summer is advancing, and it will be too late.

Mr. CARDIN: I am sure there will not be any delay.

Mr. COLDWELL: The minister suggested that members of parliament if they go across the line do a little work; I wonder whether for that purpose they can get enough foreign exchange to get there and back again.

Item agreed to.

412. Marine service—river St. Lawrence ship channel—To provide for extension and improvement of control weirs—capital, $155,000.

Mr. COCKERAM: May we have a breakdown of this item?

Mr. CARDIN: It is for repairs to be made to a certain number of weirs or submerged dams built in the St. Lawrence river for the purpose of raising the level of the water in and below the port of Montreal. They are built between islands at the opening of lake

St. Peter, about fifty miles below Montreal. The amount required is for the repair and maintenance of these submerged dams.

Mr. COCKERAM: That is what I understand, but I wanted a break-down.

Item agreed to.

413. Marine service. To provide for the completion of a combination ice-breaker and service vessel—capital (revote), $80,000.

Mr. HAZEN: Where is that vessel being built, and who is building it?

Mr. CARDIN: The vessel is being built in Lauzon, Quebec. This is the ice-breaker known as the *Ernest Lapointe,* and this amount represents the last payment on the purchase price. There is also an amount for repairing the hull following the spring season, but that is covered by a supplementary item.

Mr. HAZEN: Who built the vessel?

Mr. CARDIN: It was built by the Davie Shipbuilding and Repairing company, after tenders were called.

Mr. COLDWELL: When was it placed in service?

Mr. CARDIN: This spring.

Item agreed to.

Government owned enterprises.

415. Non-active accounts. National Harbours Board. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures during the calendar year 1941 or any or all of the following accounts:

(a) Retirement of maturing debentures—Saint John, $2,000; Quebec, $400,000. Total, $402,000.

(b) Reconstruction and capital expenditures —Saint John, $3,000.

Generally—unforeseen, $200,000.

Mr. COLDWELL: What is the reason for this increase?

Mr. CARDIN: This is to retire maturing debentures amounting to $400,000 at the port of Quebec and $2,000 for Saint John. There is also provision for the expenditure of $3,000 at the harbour at Saint John, and the $200,000 is for unforeseen expenditures in the harbours generally.

Mr. HAZEN: How much of the $200,000 voted last year was spent?

Mr. CARDIN: I am informed that the expenditure was somewhat over $100,000.

Mr. HAZEN: Where was that money spent?

Mr. CARDIN: It was used for the purchase of floating equipment for Halifax and Saint John, and also for timber handling equipment in the port of Montreal.

Item agreed to.

Canadian National (West Indies) Steamships, Limited.

416. Advances to Canadian National (West Indies) Steamships, Limited, repayable on demand with interest at a rate to be fixed by the governor in council upon such terms and conditions as the governor in council may determine and to be applied in payment of capital expenditures in connection with vessels under the company's control during the year ending December 31, 1941, $20,000.

Mr. BLACKMORE: I am wondering how long this custom has been followed of granting an advance to Canadian National Steamships Limited of $20,000, or $21,000, which was the amount voted last year. How long has this custom prevailed?

Mr. HOWE: I happen to be familiar with that matter. This item is required by the Canadian National act. They are not permitted to spend money for capital account unless it is voted by parliament. As a matter of fact, this year, as I remember the statements made in the committee, the net earnings of the Canadian National Steamships Limited were substantial, amounting to about $400,000. In spite of that fact, however, any capital expenditure either by the railway or the steamship company must be voted by parliament.

Mr. BLACKMORE: I gather from the item that this money is advanced to the company with the understanding that it may be repaid by and by. Have any of these advances ever been repaid by the Canadian National Steamships?

Mr. HOWE: This is a capital vote, the money being spent to improve the property; it is a permanent capital investment. As a matter of fact, at the present time the Canadian National Steamships are returning money to the government out of earnings.

Mr. BLACKMORE: They are ahead on revenues, then?

Mr. HOWE: Yes.

Mr. BLACKMORE: Under what item is that shown, or where could we find a statement of that amount?

Mr. HOWE: It will be found in the report of the Canadian National Steamships, which was dealt with by the committee on government-owned railways and shipping. Under the Canadian National-Canadian Pacific Act passed in 1932, it is necessary for the railway

and the steamship company to come to parliament and get a vote for capital expenditures, regardless of the amount of their earnings. That is, even though they may have a large surplus of revenue, that surplus cannot be spent on capital account unless it is voted by parliament.

Mr. COLDWELL: How many ships have we on the West Indies route now, and are they passenger or cargo boats?

Mr. HOWE: At one time we had six passenger and six cargo boats, but I think a number of the cargo boats have been put on the north Atlantic run to help out the situation there, and I believe one or two of the passenger boats have been transferred to the British government for use as hospital ships. I cannot give the exact number.

Mr. COLDWELL: The service is practically out of commission, then?

Mr. HOWE: Yes.

Item agreed to.

DEFICITS

Canadian National Railway Company
Appropriation not required for 1941-42 (decrease), $15,000,000.

Mr. HARRIS (Danforth): There is no number attached to this reduction of $15,000,000 for the Canadian National Railways; nevertheless I think I should ask one or two questions in order to clarify the general picture. First, it is a matter of congratulation that in the conduct of this railway we are $15,000,000 better off for the coming year, which, of course, is due almost entirely to the war.

Under the report and the recommendations brought down by the committee on railways and shipping, after suggestions from the directors of the Canadian National Railways, the system of bookkeeping employed makes it mandatory that a depreciation charge be set up. This amounts to the sum of $11,000,000. My question is: Will the $15,000,000 reduction and another $11,000,000 depreciation be the total amount for the coming year, or is the new bookkeeping set-up which is now authorized and mandatory and brings our methods of bookkeeping into line with the systems employed by class I railways in the United States—under the supervision of the interstate commerce commission—designed to make the amount $15,000,000 plus $11,000,000 depreciation?

Mr. CARDIN: No; because we had depreciation last year also.

Mr. HARRIS (Danforth): Yes; but it was not set out in the books last year. It was estimated, but it did not go into the bookkeeping system.

Mr. HOWE: Practically the same amount went in as a retirement allowance.

Mr. HARRIS (Danforth): I want a clear answer to my question. Will the $11,000,000 appear in the present bookkeeping system as a charge against the operations of the Canadian National Railways?

Mr. CARDIN: Yes.

Mr. HARRIS (Danforth): Then I shall make this observation. I say to the administration that if that $11,000,000 is on the record as a depreciation charge, then with that amount, which is almost $1,000,000 a month in the year, there should not be nearly the requirement for temporary loans throughout the twelve months to take care of the deficits which occur from month to month.

Item agreed to.

Prince Edward Island Car Ferry and Terminals.

417. Amount required to provide for the payment during the fiscal year 1941-42 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made from time to time by the national company, to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1941, $400,000.

Mr. COCKERAM: Why is there an increase here?

Mr. CARDIN: This is only an estimate of what the deficit will be this year.

Item agreed to.

DEPARTMENT OF TRANSPORT

364. Air service. Air service administration, $11,435.

Mr. GILLIS: Piloting a bill through the house on March 20, the Minister of Munitions and Supply, who is in charge of this item, made a statement with reference to the extension of passenger and air mail service into Sydney, Nova Scotia. He stated at that time that it was the intention of the department to extend these services and to cure the situation which exists there at present. Has the minister any further information relative to the extension of the service?

Hon. C. D. HOWE (Minister of Munitions and Supply): A radio beam to connect the airways is now under construction. The tower

at Sydney is being constructed. Within the next six weeks or two months the beam should be installed, and at that time it is hoped we shall be able to extend the service to Sydney.

Mr. JACKMAN: Is this an account of Trans-Canada Air Lines, or is it a government expenditure?

Mr. HOWE: It is a government expenditure. It has not anything to do with Trans-Canada Air Lines. It is for government supervision of aviation generally throughout Canada.

Mr. JACKMAN: What is the set-up in the minister's department? Is there a staff including one or two senior men to look after air transportation, as well as those men connected with Trans-Canada Air Lines?

Mr. HOWE: All aviation is in the Department of Munitions and Supply. This particular vote covers the supervisory staff, including the director of civil aviation and his staff.

Mr. JACKMAN: Who is the director of civil aviation?

Mr. HOWE: Mr. J. A. Wilson.

Item agreed to.

366. Air service. Civil aviation division. Airways and airports—Construction and improvements, including lighting and radio facilities—Capital, $1,231,460.

Mr. JOHNSTON (Bow River): When a road is being constructed from a city to an airport, and it happens to pass through private property, what arrangements are made for compensating the owner for the lands taken from him?

Mr. HOWE: If the road is built by the federal government—and this is seldom done, because it is not our practice to build roads to airports—an attempt is made to purchase the road by private agreement. If that attempt is not successful, expropriation proceedings are taken, and the price is settled by the exchequer court.

Mr. JOHNSTON (Bow River): The road I have in mind is the one which runs from South Hill Ogden, a suburb of Calgary, to Shepard. I believe it is a dominion operation.

Mr. HOWE: Probably in connection with a military airport, is it not?

Mr. JOHNSTON (Bow River): Yes, at Shepard.

Mr. HOWE: An attempt would first be made to purchase the land from the owner.

[Mr. Howe.]

Mr. JOHNSTON (Bow River): How would the department arrive at a valuation? Would it be the average price for the district, or would this be done by adjusters?

Mr. HOWE: We have been using the real estate division of the Canadian National Railways. Those men have had wide experience in purchasing land, under similar conditions. Mr. Clark, of the Canadian National Railways, is in charge of purchasing for the Department of Munitions and Supply. His local representative would endeavour to reach what would be considered an equitable price. If that failed, the matter would be settled by court action.

Mr. JOHNSTON (Bow River): I hope the minister's department would not pay the same price as was paid by the Canadian Pacific Railway for a supply depot in East Calgary. The price they paid was about $500 an acre. A farmer would do all right if he could get that much. If a road happened to run through summer-fallow, or through land bearing crops, would there be compensation for the summer-fallow or the crops?

Mr. HOWE: Yes; if the land is under crop, we pay compensation.

Mr. ROWE: Has the minister given consideration to assistance to municipalities for roads through townships?

Mr. HOWE: No.

Mr. ROWE: From one airfield to another?

Mr. HOWE: Highways are a responsibility, first, of the province and, then, of the municipalities. The federal government is not responsible for roads.

Mr. ROWE: I mean roads from airfield to airfield.

Mr. HOWE: Under the air training plan, where it has been necessary for operational purposes, we have sometimes built roads to the airport.

Mr. ROWE: The department should give more consideration to the maintenance of higher class roads to the airfields used for training purposes. I am not going to delay the passing of the item by going into details, but I would mention the roads from the airfields in Simcoe county between Beeton and Camp Borden and between Camp Borden and Edenvale. The aviators and airmen in training have to endure considerable hardship from the dust and rough roads in that district, and the department should give more consideration to maintaining these roads in better shape by assisting the municipalities.

Item agreed to.

365. Air service. Civil aviation division—Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $245,400.

Mr. MAYBANK: Mr. Chairman, I desired to ask a question on item 365, but it passed before I had an opportunity. I had also a question to ask on item 366. Perhaps it would be convenient if I asked that one now and then asked my question on item 365.

The CHAIRMAN: All right.

Mr. MAYBANK: My question on item 366 relates to the airport on the outskirts of Winnipeg, sometimes referred to as the Winnipeg airport, and as to the road leading to it. I know the minister has had some dealings with respect to that road. It is in pretty bad shape. There is one road leading out there in a westerly direction and another leading in from the south. Are any negotiations going on to have the road to the airport fixed up? It is not strictly a federal matter, but the authorities there have been seeking some help here and I should like to know how the matter stands.

Mr. HOWE: The matter lies between the city of Winnipeg and the municipality of St. James, and we sincerely hope that between them they will improve this road. We realize, of course, that it is of interest to the airport, but once again this is not a federal matter, and the federal government has no funds to devote to that purpose.

Mr. COCKERAM: Item 366 deals with airways and airports, construction and improvements, including lighting and radio facilities, $1,231,400, and the next item is also for airways and airports, operation and maintenance, including lighting, radio and meteorological services, $1,729,585. How long will this expenditure continue?

Mr. HOWE: The programme is pretty well finished, and we expect that expenditure will decrease rapidly after this. We have been bringing the airway system up to standard, and this will probably be the last year in which the item will exceed a million dollars.

Mr. HAZEN: Were any airports constructed this year, or is it planned to construct any airports this year under item 366? The item uses the word "construction."

Mr. HOWE: No. There will be certain minor improvements to airports but no new airports will be constructed so far as we know.

Mr. MAYBANK: To revert to item 365, can the minister give us any information with reference to the development of an air route in the northern part of the country? A newspaper in Winnipeg recently referred to the Canadian Pacific Railway commencing to operate, under some other name, I believe, an air route that took in Prince Albert, Edmonton and a couple of other cities. It seems there is a movement to establish another line across the country. Can the minister indicate just how far that matter is advanced and what the plans of the government are with respect to it?

Mr. HOWE: A few northern routes have been purchased by a new owner, but there is no indication of any plan to connect these routes with an east and west service. As a matter of fact, the Trans-Canada act protects the government service against any competitive service, and if any attempt were made to establish a service between towns served by Trans-Canada, such a service would not receive the approval of the board of transport commissioners.

Mr. MAYBANK: It would not require very much, as I understand the matter, to connect between towns already served by companies under Canadian Pacific Railway control. What I have been wondering about is this. Here we have an organization spending a considerable amount of money, and if they should at some future time endeavour to connect these towns by air service—and it is only a matter of seven or eight hundred miles—would we not be in rather a difficult position? They would be able to point back and say that they had been spending money in preparation for just that sort of thing and that we had not adequately warned them but had allowed them to start in with a service which would become a competitor with Trans-Canada. Are all such organizations warned that we shall not tolerate a competing system of that sort?

Mr. HOWE: There is no indication of any attempt or desire on the part of that organization to operate an east to west service.

Item agreed to.

375. Air service. Radio division. Issue of radio receiving licences—(transport department only), $156,406.

Mr. COLDWELL: Mr. Chairman, I have waited for this item to come up, and I regret that at this late stage of the session I shall have to say something about the broadcasting corporation. I would have dealt with the matter earlier, but the opportunity did not arise. I was also awaiting some further information which I obtained only a short time ago.

On two occasions last autumn, on November 12, as reported at page 64 of *Hansard* and on December 3, at page 622 of *Hansard* I drew

attention to the conditions in the broadcasting corporation and asked for the appointment of a parliamentary committee to inquire into them. I referred then to serious charges against the corporation, the management, and the board of governors by a member of the board who had resigned and by high officials of the corporation who also had resigned, apparently for somewhat similar reasons. I put before the government and the house accusations of an anti-democratic bias on the part of certain Canadian Broadcasting Corporation officials made in *Le Jour*, a French weekly published in Montreal, and finally I protested against the treatment of employees of the corporation for their attempt to organize an association. Out of this I suggested that a parliamentary committee would be justified. The minister at the time refused an inquiry. He ignored the statements made by members of this house and left the impression that there was no ground for the statements and no reason for concern, that everything was all right. Yet what has happened since? By order in council the whole constitution of the corporation has been changed, and the general manager has in fact, if not in name, been demoted. The future of the corporation is, in my opinion, being jeopardized by a division of control and responsibility. Certain financial practices have been the subject of comment by the auditor general's department, and a general overhauling of the constitution and of the corporation has apparently been taking place. Why has all this been necessary if everything was well last autumn?

I intend to deal in greater detail with these matters a little later. For the moment I wish to say quite emphatically that this action with regard to the Canadian Broadcasting Corporation, the changes which have been made in it, are, in my opinion, a neglect of the rights of parliament and parliamentary control. If it was considered necessary to make such far-reaching changes in the management and the constitution of the corporation, there should have been a preliminary inquiry by parliament into the reasons which made these changes necessary. Personally, I think this committee should be seriously concerned with what has happened to the broadcasting corporation.

First, it is a public utility, owned by the people of Canada, and, as is necessary in all such cases, it is essential that this house be eternally vigilant. There are private interests in the picture which would like to displace it and undertake the work themselves. The present development in the corporation gives rise to very grave concern to many of us who have believed for a number of years in publicly owned radio. We have every reason to wonder whether the presence of certain business interests on the board is responsible for some of the things which have happened.

When the present general manager, Major Murray, was appointed, the appointment was generally approved on account of his long association with the British Broadcasting Corporation and with publicly owned radio. Whatever may have been the importance of radio in peace time, during the war it becomes of primary significance from the point of view of the country's war effort. We cannot fail to realize the use which the totalitarian powers have made of radio as a system of propaganda for their cause. Yet I venture to say that our own radio propaganda has been ineffective, and the criticism is made—and I repeat it—that it has also been too partisan. According to a return tabled in this house last month, to the date of the tabling of the return seventy-six speeches over the national network had been made since the war began by representatives of the government. To my knowledge only one speech, that of the leader of the opposition, had been made by any member of parliament representing other than the government's party. I am not protesting, because I believe the members of the government should be given every facility to address the people of Canada in war time; but it is also wise, it seems to me, to prevent any idea that the government has a monopoly of radio broadcasting. Since that return was tabled, three broadcasts, which were described when the speakers were introduced as "experimental broadcasts", have been made, by the leader of the opposition, the leader of the social credit group, and myself.

I wish now to deal with some of the disclosures which were made in the parliamentary return tabled on May 16 in answer to certain questions which I had addressed to the minister.

According to that return, the by-laws of the corporation have been amended lately in such a way as to alter fundamentally the whole structure of the Canadian Broadcasting Corporation constitution, and to alter it for the worse. In effect, the Canadian Broadcasting Corporation will now have three managers—the general manager, the assistant general manager, and the executive committee of the board. This is contrary to the clear recommendations of the 1936 parliamentary committee, and contrary also to the clear intention of the act. The report of the committee stated, at page 784, as recommendation No. 1:

1. It has been amply demonstrated that a commission of three cannot be moulded into a unit that can formulate and execute policy

successfully. Evidence adduced before this committee has made it apparent that under the existing organization there has been a lack of coordination in dealing with some major questions.

It goes on to say:

1(a). After carefully reviewing the administration of radio broadcasting, we have reached the conclusion that the recommendation of the 1934 committee, namely "that in the opinion of your committee radio broadcasting can best be conducted by a general manager", is justified in all respects, and your committee hereby endorses and repeats that recommendation.

The act provides, in section 6:

There shall be a general manager who shall be chief executive of the corporation.

This policy of unified management and control was carefully embodied in a former by-law of the corporation, in which the general manager is made the chief executive officer, subject only to the direction of the board of governors. The assistant manager is made responsible to him, as is every other department, and he alone is given the power of employment, dismissal, and remuneration of employees, with the exception of anyone receiving more than $4,000 a year.

All this was done as a result of the 1936 parliamentary committee report and was fully approved by the 1938 and 1939 parliamentary committees. The following quotation from the 1938 committee report is relevant:

Your committee believes that the constitution of the corporation ensuring a proper division between policy and management and a degree of flexibility and independence essential to the medium of broadcasting, together with ultimate parliamentary control, is well suited to the purpose for which it was created.

Furthermore, this point was emphasized above all others in the report of Mr. J. C. Thompson, which was tabled in this house some time ago. The whole plan of administration which he recommends throughout his report, and which he illustrates in appendix F attached to that report, hinges upon his opinion that efficient management requires "unified control of operations throughout Canada."

In short, four parliamentary committees, four statements by the heads of the corporation, and this latest survey by Mr. Thompson, all agree that to divide the management, to divide control and responsibility in an organization like the Canadian Broadcasting Corporation, is to court disaster. In fact, as the 1936 report stated, it was precisely such divided authority which caused the difficulty under the former broadcasting commission and which brought about the changes that were recommended in that year. Yet the board of governors, and the government by the passage of order in council P.C. 2845, have seen fit to ignore all this evidence, and the recommendations of these committees and the act itself, and to reintroduce precisely the very arrangements which experience had proven to be disastrous.

Who is in charge of the Canadian Broadcasting Corporation now? According to the return, the following is the confusing and confused situation. The general manager is in charge of certain departments. The assistant general manager is in charge of certain other departments. The former has the right of employing staff for certain of the departments, while the latter—

Mr. MacNICOL: Does he employ staff directly or through the civil service commission?

Mr. COLDWELL: Directly. The latter appoints those in other departments. Major Murray has to be responsible "for the carrying out of the provisions of the Canadian Broadcasting Act, 1936, and of the by-laws and regulations made thereunder," while Doctor Frigon is to be responsible "for the internal management of the affairs of the corporation." To add to this confusion, neither of these gentlemen is to be responsible to the other, but both are to be subject to management and control by the executive committee, which apparently is to have the final say.

Note that another thing which wrecked the old radio commission was that, in fields of policy and management, there was no clearly defined line of separation; and that, of course, is something which is essential to the organization of any efficient body such as the broadcasting corporation.

The radio act sought to achieve this essential condition by putting management in the hands of the manager and leaving policy to the board. But the new by-laws upset all this. Members of the board who form the executive committee are given the final managerial authority —men who were not appointed for that purpose, nor with those particular qualifications for that particular function in mind. Can anyone in this house think of a more inefficient and a worse form of divided management?

Why was all this considered necessary? The minister last autumn certainly implied, and gave the house the impression by his silence, that he was satisfied with the corporation's management. Indeed, the board of governors went further. They passed a resolution which was published in the press on November 27, 1940, proclaiming "their full and complete confidence in the general manager." Yet, I submit, a clearer case of none too gentle demotion cannot be found. One cannot escape

the conclusion that the board, with the approval of the government, P.C. 2485, is prepared to do irreparable damage to the publicly owned radio system in order to cover up its own or the board's incompetence of management.

I say that such action ought not to be tolerated by this parliament. It should not have been tolerated by the Prime Minister (Mr. Mackenzie King), who took such a keen interest in the establishment of the publicly owned corporation.

I am also disturbed by the implications contained in the answers to my questions regarding the expense accounts. The reply to my question whether expense allowances had been exceeded was, no. But the answer to my question, whether the minister's attention had been directed by the auditor general to expense accounts having been overdrawn was, yes. Furthermore, the return shows that the general manager had incurred additional expenses amounting to almost $6,000, without any apparent authorization.

Mr. MacNICOL: Did he give any details of how he spent that large sum of money?

Mr. COLDWELL: I do not know. Since then, the auditor general's letter of February 25 has been tabled in this house. What are the answers to the two pertinent questions which are posed in the concluding paragraph of the auditor general's letter? Indeed, what is all this about? The matter may not, in fact, be serious, but the government must know that there are rumours floating round this city, and suspicions of this sort can and will discredit the corporation unless they are allayed. My purpose is to end these rumours and suspicions and to restore confidence in the nationally owned broadcasting system.

I now come to a question to which this committee should demand a very clear answer: To whom is the corporation responsible, and what is its status? Ever since its formation in 1936, the government and the minister have maintained that the Canadian Broadcasting Corporation was an independent body similar in status to the Canadian National Railways. On this ground, information regarding the internal management of the corporation was refused in this house on several occasions. For this reason, too, there were parliamentary committees in 1938 and 1939 to inquire into the affairs of the corporation. To the latter, Mr. L. W. Brockington, chairman of the board of governors, made an exhaustive statement on the Canadian Broadcasting Corporation, during which he had the following to say on the point of the corporation's status:

I make this submission as our view of our own position. We are not part of the government of Canada. We are not civil servants, nor part of the civil service. . . . We are trustees for the payers of licences. In other words, we are trustees for that class in the community which can be described as licensed listeners. They include people who speak the French language and people who speak the English language; they include Liberals, Conservatives, Social Crediters, members of the C.C.F. party and members indeed of many other organizations, both those which are in esse and in posse. Our listeners represent the east and the west, the rich and the poor, and for them we are trustees.

Later in his presentation, Mr. Brockington gives the reasons why the 1936 parliamentary committee recommended that the corporation be set up, as it was, as a separate corporation under a radio act. He said that this was necessary in the case of broadcasting, and I quote again:

(a) because, from all points of view, it is in fact in the nature of a business;

(b) because the character of broadcasting requires the utmost flexibility of administration;

(c) because the national broadcasting authority must be removed from the direct control of the government of the day and be non-partisan and independent.

Many references could be given to statements by the Prime Minister, and by the Minister of Munitions and Supply while he was Minister of Transport, stressing that the Canadian Broadcasting Corporation was an autonomous corporation. I shall give one or two. In a letter written on behalf of the Prime Minister on November 21, 1939, to the Ontario secretary of the Cooperative Commonwealth Federation, the following paragraph occurs:

Mr. King wishes me to point out that the relationship between the government and the corporation had not been altered by the existence of a state of war, except that the censorship regulations apply to broadcasting as to other forms of publicity. The board of governors of the corporation have retained full control of broadcasting, and of the arrangement of programmes, in accordance with the responsibility imposed upon them by parliament.

Then the Minister of Munitions and Supply made the following statement in this house on January 20, 1939, as reported at page 192 of *Hansard*:

I might remind hon. gentlemen that the Canadian broadcasting corporation is an autonomous body, set up by this parliament under the broadcasting act of 1936, which superseded the broadcasting act of 1932 sponsored by hon. gentlemen opposite. In drafting that act and in its course through a committee

of the house every effort was made to divorce the corporation from political interference, or, in fact, any direction from the government of the day.

A little later, on February 15, 1939, he emphasized the point in answer to a question. On page 949 of *Hansard* he is reported as saying:

> This question refers to a matter of the internal management of an autonomous corporation. Inasmuch as a committee of this house has been appointed to investigate all matters affecting the Canadian Broadcasting Corporation, I think we should take the same position as is taken in connection with the Canadian National Railways and decline to answer a question of this type.

Finally I am informed that in three cases which have come before the courts the question of the status of the Canadian Broadcasting Corporation was an issue, and the courts, including the courts of appeal of Ontario and Quebec, held that the Canadian Broadcasting Corporation was a distinct and separate corporation which was properly suable although not taxable. In short, it has always been considered settled, both in parliament and throughout the country, that the Canadian Broadcasting Corporation was a separate corporation and not a government department. Yet, when a short time ago, its employees sought to form a union and to bargain collectively with the corporation, it becomes a sort of government department, and the union is informed that the corporation has no right to enter into an agreement with them.

Surely the Prime Minister, and perhaps the Minister of Munitions and Supply, who has been exceedingly busy, have not fully realized what has been happening. If they do realize it, and allow this condition to continue, they and the entire government are guilty of seriously damaging proper democratic and parliamentary control of a public utility which is of great importance to this country for the successful prosecution of the war and the maintenance of national unity.

I think I have said enough to substantiate my former statements that conditions in the broadcasting corporation are serious. I suggest that the recent actions of the government and the board show clearly that they have been aware of the seriousness of the situation.

Why then was a parliamentary committee not appointed when there was a request for it in the house and in many sections of the press? What interests, if any, were at work to advise against such an inquiry? Mr. Bannerman, president of the Canadian association of broadcasters, is reported in a weekly called *News*, dated May 8, 1941, to have stated that although his association had not made any deliberate lobby, they had advised the government against an inquiry. Why was it the concern or the right of private broadcasters to advise the government against a parliamentary inquiry into one of parliament's own creatures and institutions? Why was it the business of these people, who opposed throughout the idea of a publicly-owned radio at the beginning, and probably still do, to advise against allowing parliament to exercise its right?

In March I asked the minister some questions regarding the granting of certain channels to certain private stations. I asked whether this implied a change in Canadian Broadcasting Corporation policy. The minister gave what I thought at the time was a vague answer. According to an article in the May issue of the *Canadian Forum*, three days after the minister's reply—

> Representatives of the leading private broadcasting interests appeared before the board of governors to demand the right to increase their power to the limits allowed under the Havana agreement.

Is one to conclude that private interests are daring to interfere because they feel that they can get concessions out of this situation? I am told that on Monday of this week the governors of the broadcasting corporation met and that they were under pressure or had some application before them to allow increases in power for the high-power wavelengths now used temporarily by private broadcasters. There is no reason in the world why that should be done or even considered. These high-power wave-lengths under the Havana agreement were meant for our nationally owned system, and we have had that assurance from ministers in the house. Those wave-lengths need not be occupied for five years from April 1; that is to say, until March 31, 1946. During those five years the country has an opportunity of utilizing those channels, and if we do not utilize them, then the country can decide afterwards what it will do with them.

It is not too late to correct some of the mistakes that have been made. I appeal to the government to agree to the appointment of a parliamentary committee as soon as we meet in the autumn, so that such a committee may go into the whole situation and study the changes that have been made and understand the influences, if any, that are at work. The excuse that a committee is unnecessary in war time surely cannot be accepted. On the contrary, it is because we are at war and because radio is so powerful a factor in modern war, that it is the duty of this parliament and

of the government to ensure that the broadcasting system is functioning as effectively as possible in the best interests of the country. If it is suggested that members of this house are too busy to inquire into radio, it is doubly certain that members of the government have been and are far too much occupied to give adequate attention to this matter. Perhaps this is the reason for the ill-advised, ill-considered and unfortunate steps that have just been taken.

A parliamentary committee should inquire into this whole situation. It should hear the members of the board, the officials of the corporation, Mr. Plaunt, the former member of the board who resigned on account of conditions which have now been shown to have been there, and to justify his resignation, Mr. J. C. Thompson, Mr. Buchanan and Mr. Pickering, all of whom I named last November as having recently resigned from the corporation on grounds which should have been investigated by a parliamentary committee. If the inquiry shows that certain people were on the board or among the administrators who should have been removed, then let us do the courageous thing, instead of tolerating something which may cause serious harm to a public institution of great importance, just in order to hide some weaknesses in the set-up which ought to be rectified.

I was going to say something about the channels that were allotted, and the national coverage that might be given by the further use of some of those channels, but I do not propose to go into those matters to-night; I do not wish to detain the committee at any greater length. But as I did in November last, so to-night I appeal to the government to provide for a thorough investigation into all that surrounds the broadcasting corporation. When I find men on the governing board who are so tremendously interested in a competing form of public entertainment, such as the film industry—in the person of Mr. Nathanson—I am not satisfied that this is a good thing. I think we should see to it that nothing is done which would undermine this great public institution. When the original act to set up a publicly-owned radio corporation was before the house, Right Hon. R. B. Bennett said that the air at least should not be alienated, that the time had come when we regretted having alienated some others of our great public utilities. I have been interested in this publicly-owned radio ever since radio came into prominence, because I have believed it to be one of the greatest means of education, and by the same token one of the most dangerous weapons of propaganda, that it would be possible to find. When public confidence in a corporation of this kind begins to be undermined, the educational value of the organization ceases, and we are in danger of losing it as the effective instrument it ought to be for the education, entertainment and good of the people of Canada.

Mr. HOWE: Mr. Chairman, it is not my purpose at this stage of the session to make any extended remarks in reply to the hon. member for Rosetown-Biggar. It seems to me, however, that the hon. gentleman is exceedingly inconsistent in his argument, in that in one breath he argues that this corporation is a department of the government, and, in the next, that it is an independent corporation.

Mr. COLDWELL: May I suggest that this is exactly what the minister has been doing, and I was trying to find out exactly what it was.

Mr. HOWE: This is my interpretation. This is a corporation set up by an act of parliament. The members of the corporation are the governors. The powers of the board of governors are the powers granted to them by an act of parliament, and the management of the corporation is vested in that board. Neither the minister in charge of the department nor any parliamentary committee has authority to manage the corporation. A parliamentary committee can recommend to the government any change in the broadcasting act. The government can appoint the governors of the corporation. The minister in charge of the department is the channel of communication between the board of governors and parliament and between the board of governors and the governor in council; but the management of the broadcasting corporation has been vested by this parliament in the board of governors. During the time I was in charge of the department, after the last broadcasting act was passed by this house, I was the channel of communication between the board of governors and this parliament and between the board and the government of Canada; but I was always careful to respect the position that it was the board of governors who were operating the corporation.

As to the position of the employees of the broadcasting corporation, that is entirely a legal matter; and in legal matters we of the government rely upon the Department of Justice, as we are bound to do. The question of whether the employees of the corporation are in the position of being employees of an independent corporation, or whether they are, in fact, employees of an emanation of the crown, is a legal question, depending entirely upon the position in which they were placed by the act of this parliament establishing the corporation. The Department of Justice has

considered the matter and has handed down a ruling that the Canadian Broadcasting Corporation is an emanation of the crown, and that the employees are in fact employees of the crown. As I say, that is a legal decision, and I do not think it is for me or for any other member of parliament to argue with the Department of Justice as to the correctness of that decision.

My hon. friend stated that changes have been made which have destroyed the position of the corporation. Those changes were very minor indeed. One change was that a new officer has been appointed, in the person of a comptroller. As companies grow and staff matters become more complex, it is quite customary to appoint a comptroller; that is, a man especially entrusted with the internal audit of expenditures and the control of staff. The changes in the by-laws had to do with the appointment of the comptroller, and the duties of that office were added to those of the assistant general manager. At the same time the control was strengthened somewhat to some extent by the appointment of an executive committee which could meet more frequently than the board as a whole, and which was given additional responsibilities particularly in connection with the financial control of the corporation.

I might point out that during the last year the corporation has been under some stress and strain due to the fact that a number of its senior officers have had to spend long periods of time in the British isles helping out the corporation during a difficult period there. As a result, the other senior officers of the corporation were called upon to double up in their duties, and a certain laxity of financial control was called to my attention by the auditor general. I reported the communication of the auditor general, who is also the auditor of the Canadian Broadcasting Corporation, to the board of directors, and asked them to take prompt steps. The steps taken were those which the board of directors thought necessary to overcome the lack of financial control which had been apparent, as a result of the auditor general's report.

The situation referred to by the auditor general was a very small matter in dollars and cents, and, when called to the attention of the board, was immediately corrected. Obviously, however, it was the duty of the board to take steps to see that the controls were tightened so that a similar situation could not arise again. I make no apologies for the Canadian Broadcasting Corporation or its management. I believe it is a stronger institution to-day than it has been in any time in its history. I believe it is giving better satisfaction to the public to-day than it has done at any time previously. At least, the complaints which used to come to my desk in great volume are coming now only in an attenuated stream. In handing over the duties to another minister, I can only wish that his relations with the corporation itself will be as happy as mine have been to this day.

Mr. FULFORD: I wish to complain about a coverage—perhaps I should say a lack of coverage—by the Canadian Broadcasting Corporation of the locality in which I live, and the county of Leeds, which I have the honour to represent in this house. I have reference particularly to the town of Brockville.

During the day we get excellent coverage from CBO, but just as soon as night falls, the set starts to whine and the first thing you know pandemonium is loose. We have station CFRC at Kingston, only fifty miles away, but we cannot get it either day or night. When one writes corporation headquarters the reply is, "Why, you are listening to the wrong stations. Neither CBO nor CFRC are your stations. You should listen to station CBL Toronto"—over 200 miles away.

Mr. MacNICOL: And you could not get it.

Mr. FULFORD: No, we cannot get it. Then, we have station CBM Montreal, which is audible during the day and inaudible at night. We have CBF in Montreal, but since ours is an English-speaking community, we find that station CBF does us very little good. The one station we can get is CBA, Sackville, New Brunswick, if you please, and then only if atmospheric conditions are perfect.

It is a hardship to have to pay $2.50 for a radio licence and then have to depend entirely upon United States broadcasting stations. Surely that is not fair to those people who pay licence fees, and I do not believe it is the principle upon which the Canadian Broadcasting Corporation was built, namely, that of nationalizing our radio system.

I wish to take this opportunity of complimenting the commission upon the improvement in their programmes because, when we can hear them, we notice a decided improvement. The corporation has taken the best programmes from United States stations, and is bringing in excellent programmes from Great Britain. But of what earthly use are those programmes to us if, when we sit down before our radios, we hear nothing but squawks and squeaks and a few words in Spanish?

I admit that the reallocation of stations has made some difference. Formerly we used to get two stations on the same wave-length; now we get three or four. I must point out that this is a most aggravating, and, I

believe, an unnecessary condition which obtains in the particular part of eastern Canada in which I reside. I believe it is a condition which might be easily overcome, either by stepping up the power of CBO at Ottawa, thereby giving eastern Ontario complete coverage—and this is the logical point from which to give that coverage—or by building a directional station somewhere which would give coverage from Belleville to the Quebec border.

As matters now stand, I can only restate that I do not think it is fair to those who are asked to pay radio licence fees, nor do I think the present condition reflects due credit upon the Canadian Broadcasting Corporation for the improvement it has made in its programmes. I would urge the minister to give this matter his serious consideration.

Mr. CRERAR: It is now within a few minutes of eleven o'clock, and if we are to sit beyond that time—and I believe it is the wish of the committee to do so—we shall need the consent of the committee.

Mr. MacNICOL: If we cannot finish, there is no use in sitting beyond eleven o'clock to-night.

Mr. CRERAR: We would require the consent of the committee to do so. If it is necessary, I would move that the committee remain in session, by unanimous consent, until we make further progress.

Mr. COLDWELL: I shall not agree to that.

Mr. CRERAR: Do I understand that the hon. member for Rosetown-Biggar does not wish to sit beyond eleven o'clock?

Mr. COLDWELL: I did not say that. I said that I would not agree to any motion permitting us to sit indefinitely. There are 144 items in the estimates still to be considered.

Mr. MacNICOL: And they are important ones, too.

Mr. COLDWELL: Yes; they are important. We cannot possibly finish to-night, and I think, after sitting night after night and day after day, as we have been doing, from eleven o'clock in the morning until twelve o'clock at night, if we cannot finish we might just as well quit right now. Certainly I would not be prepared to agree to an open motion such as that which the minister has just suggested.

Mr. MacNICOL: I take the same stand. A good many of the items which have gone through to-night have gone through in a farcical manner; there is no doubt about that. The present government is no worse than previous governments have been in this regard. But I am going to protest next session with regard to the way in which estimates have been going through at this and other sessions—both when we were in power, and under the present government. Governments leave estimates to the last minute, and then they are taken quickly—many of them involving millions of dollars. We voted $3,000,000 to-night in one second's time—just while the chairman said "carried". That is not fair to Canada or to the House of Commons.

All spring we sat neither Wednesday nor Friday evening. I suggest that we might have had meetings on both those evenings, and attend to some of these matters in the regular way. If we could finish to-night I would not be opposed to sitting, but there are some important items on which I wish to speak. All this cannot be done in an hour, and in that event, what is the use of sitting any further to-night?

Mr. CRERAR: There are two suggestions which can be made. First, should we continue until midnight, as we have done on previous evenings this week, and then if it appears unlikely that we can finish to-night, could we sit to-morrow?

Some hon. MEMBERS: Certainly.

Mr. STIRLING: That is more sensible.

Mr. MACKENZIE (Vancouver Centre): We can continue only by unanimous consent of the committee.

Mr. MacNICOL: Let us sit to-morrow.

Mr. CRERAR: I would suggest that we continue until midnight and resume sitting to-morrow morning at eleven o'clock. If there is no objection, perhaps that proposal could be carried?

The CHAIRMAN: Mr. Crerar moves, seconded by Mr. Cardin that the house shall sit—

Mr. MACKENZIE (Vancouver Centre): I do not think a motion in committee can be accepted. It can be implied that there is consent of the committee to carry on. Then, when Mr. Speaker is in the chair, there should be a formal resolution moved.

Mr. COLDWELL: We shall need authority to sit to-morrow morning.

Mr. MACKENZIE (Vancouver Centre): It is the wish of the committee now to carry on until twelve o'clock, and that may be done by unanimous consent. Then, when the committee reports progress at twelve o'clock, and when Mr. Speaker is in the chair, the motion must be moved that we meet to-mor-

row morning, such motion being made with unanimous consent of the house, not the committee.

The CHAIRMAN: Shall item 375 carry?

Mr. NICHOLSON: No. The minister referred to the auditor general's letter dated February 25 as dealing with minor matters.

Here is question 10 which was asked by the the hon. member for Rosetown-Biggar and answered on May 16:

Were either or both of these officials entitled to a stipulated expense allowance last year, in addition to salary; if so, how much for each allowance?

The answer to that was:

Allowance of $4,800 to general manager, $2,000 to assistant general manager. Allowances to cover expenses at base of operations.

My hon. friend's twelfth question was:

Were both or either exceeded? If so, by how much?

The answer to that was:

No. In addition to regular allowance general manager received $5,697.90 to cover expenses incurred while absent from base of operations. For similar expenditures the assistant general manager got $24.60.

These amounts, of course, were in addition to the salary of $13,600 paid to the general manager and $12,000 paid to the assistant general manager.

Here is the letter of the auditor general to the minister, dated February 25:

Dear Mr. Howe:

The broadcasting act places at the command of the broadcasting corporation certain moneys and, within the terms of the act, the corporation decides on the purposes to which these moneys are to be put.

Section 19 gives to you, as minister, powers with respect to the accounting system, reports, et cetera, and the following section names this office as auditor of the corporation.

Certain points have been brought to my notice, and being in doubt as to the authority to whose notice I should bring them, I address this letter to you.

The act provides that the general manager is to be appointed by the governor in council. This was done and the salary named by order in council. On examining the records of the corporation, it is observed that an allowance at the date of $4,800 "at the base of operations", was authorized by the board, "pending an adjustment in the general manager's salary, as requested by the board." In view of the language used, the question arises as to the administrative power to give such a direction, if the true interpretation to be given to the act is that payments to the general manager are within the sole discretion of the governor in council.

Associated with this is a second point which arises out of the fact that last spring the Minister of Finance gave to the House of Commons an explanation of the interpretation to be given by the income tax authorities to living allowances paid to various men on war work for the crown. The corporation has left to the general manager the question of deciding what officers may be paid per diem allowances and the amounts which may be claimed, in lieu of actual details, when away from their official stations on official business. The accounts show that $20 is the amount claimed by the general manager, but this has apparently been selected by himself as being commensurate with his disbursements. The sum involved is not of concern, but it seems to me probable that the decision in such a matter is associated with the powers of the governor in council, or is one which rests on the board.

After you have had an opportunity to peruse the attached memorandum—which was prepared on my instructions to illustrate the problem—might I be informed:

(a) If you are satisfied that the corporation acted within its powers in granting the $4,800 annual allowance to the general manager? and

(b) If the establishing of a per diem travel allowance to the general manager is a subject of concern to the governor in council?

Yours faithfully,
Watson Sellar,
Auditor General.

I think the committee is entitled to a full statement as to the answers which the minister made to the auditor general. If an allowance of $4,800 has been provided, why this additional amount of $5,697.90 "to cover expenses incurred while absent from base of operations?"

Mr. HOWE: The legal position is this. Under the broadcasting act the salaries of the general manager and assistant general manager are fixed by order in council. Early in the history of the broadcasting corporation the board of governors in its judgment granted an allowance to the general manager. I protested at the time, taking the view that the granting of special compensation to the general manager was a function of the governor in council. However, the question was referred to the justice department, and the justice department determined that the board of governors had the right to fix an expense allowance for the manager and the assistant general manager. The right was established several years ago. I replied to the auditor general that the matter of an allowance was one for the board of governors to determine; that it was a matter of internal management, but that the situation called to my attention was a matter of concern to the government and that we had referred his letter to the board of governors and asked them to examine the situation and to take appropriate action.

The action taken by the board of governors is a matter of internal management that is not discussed in this House of Commons. It can be looked into by a parliamentary committee at an appropriate time, but it is not a matter that I can discuss here because I had

no part in the action taken. It was taken by the board of governors in the course of their duties.

I might point out, however, that we have had demands for parliamentary committees on three or four occasions, and we have a demand now. We have had three parliamentary committees on radio since the broadcasting act was passed, and to the best of my knowledge and belief those three parliamentary committees have not changed the broadcasting act in one iota from the act as it passed in 1936. I have the greatest confidence in the world that if another parliamentary committee on radio were held in 1941 or in 1942, the results would be exactly the same as from the three preceding parliamentary committees.

Mr. COLDWELL: I do not think it would be a question of changing the act. That is not the point at issue.

Mr. HOWE: That is the only way by which the conduct of the broadcasting corporation can be affected.

Mr. COLDWELL: As a matter of fact, I think the board of governors has, during the past week or so, departed from the original intention of the parliamentary committee and of the act itself. I was not arguing particularly about the labour situation. I introduced that only incidentally. I have the third and final report of the committee containing the recommendations, dated May 26, 1936. Let me just make this one sentence stand out. I quote from the report:

That in the opinion of your committee radio broadcasting could best be conducted by a general manager.

That was a reiteration of the recommendation of the parliamentary committee of 1934.

Mr. HOWE: But the general manager is in sole charge of broadcasting to-day.

Mr. COLDWELL: No; he is not.

Mr. HOWE: What does he not do about broadcasting?

Mr. COLDWELL: I have here the new by-laws of the corporation, adopted April 29, 1941, and I find this:

(3) Subject to the control of the board of governors the executive committee shall have power—

Not the general manager:

(a) to manage the affairs of the corporation, to control its finances and to supervise its operations, in accordance with the general policies laid down by the board of governors;

(b) to define the functions, duties and responsibilities of the officers and employees of the corporation and to direct them in the performance of their duties.

Mr. HOWE: One cannot imagine the board of governors not having the powers my hon. friend suggests. The board of governors are delegating their powers to a smaller number of themselves.

Mr. COLDWELL: I would say to the minister that they delegate to this executive committee the powers that ought to lie in the general manager, because surely it is the function of the general manager to direct the officers and employees of the corporation.

Mr. HOWE: Yes.

Mr. COLDWELL: Here we are told that it is the function of the executive committee. What I am objecting to is that we have gone back to exactly the same position in which the old commission found itself before the Radio Act. If we look into the new by-laws we find the other divided authority:

8. (1) (a) The general manager of the corporation shall be its chief executive officer, and, subject to the direction of the board of governors or of the executive committee, he shall have charge of programmes, of policies, and relations of the corporation with the press and the public and be responsible for the carrying out of the provisions of the Canadian Broadcasting Act, 1936, and of the by-laws and regulations made thereunder.

(b) The general manager shall have authority to appoint the officers and other employees of the corporation other than—

Authority over other employees is taken away from him.

—the technical, commercial or business staff, but such appointments and the salary rates of these appointees shall be subject to the approval of the executive committee.

In other words, power which lay with the general manager now rests with the executive committee.

The by-laws state:

He may at any time suspend for cause any such officer or employee.

(c) He may delegate any of his powers to the assistant general manager, or to any officer or employee of the corporation.

Then we come to the assistant general manager.

8. (2) (a) The assistant general manager, subject to the direction of the board of governors, or the executive committee—

Note this.

—shall have charge of the technical and commercial operations of the corporation;

No longer is there a general manager managing the corporation. The assistant general manager is removed from his control entirely; he is to be subject to the direction of the board of governors, or the executive committee, and he—

—shall have charge of the technical and commercial operations of the corporation; he shall be responsible for the internal management of the affairs of the corporation, and shall fulfil—

What?

—the duties which may at any time be delegated to him by the board of governors or by the executive committee and shall exercise the powers of the general manager in his absence.

In other words, the assistant general manager is taken out from under the control of the manager, although the recommendation of the parliamentary committee of 1936 was that "in the opinion of your committee radio broadcasting can best be conducted by a general manager." That conclusion was a reiteration of the recommendations of 1934 and was incorporated in the statute. Then:

(b) The assistant general manager shall have authority to appoint the technical, commercial and business staff of the corporation, but such appointments and the salary rates of such appointees shall be subject to the approval of the executive committee—

Not of the general manager, ever, but of the executive committee.

He may at any time suspend for cause any such officer or employee.

On the other point, we have the position of comptroller which the minister mentioned, and which I think is an excellent move in the right direction. The comptroller shall report direct to the board of governors or to the executive committee. That is quite proper; no one can have any objection to that. In the event of there being no comptroller of finance, or in his absence, the powers shall be exercised by the general manager or the assistant general manager or any officer designated by the board of governors and the executive committee. The financial control, I quite agree, is where it ought to be. But I submit that the purpose at the time of the passing of the broadcasting act, the recommendation of the parliamentary committee in 1934, reiterated in 1934, endorsed in 1938 and 1939, was for a unified management of the corporation, and to-day we have the assistant general manager taken from under the control of the manager, and the executive committee assuming managerial powers which ought not to lie in the committee. That is my contention, not that I was talking about the legal status of the corporation in order to deal with labour disputes, although in that respect, may I add, we cannot have it both ways. If it is a government corporation, an emanation of the crown, then of course this house cannot deal with labour disputes between the corporation and its employees, nor can we ask for and receive reports in this house regarding the corporation. If, on the other hand, it is a corporation like the Canadian National Railways, which I believe it to be, then we have the right to ask for all particulars in the house, and the employees have the right, like the Canadian National Railway employees, to organize a union and negotiate for conditions with the corporation. But that was not the point I was making.

The point was that there has been a distinct change in the whole set-up of the corporation in the last month or so. To-day we have the executive committee becoming the manager, the general manager demoted, and the assistant manager, with certain duties, reporting not to the general manager but direct to the executive committee. The whole basis of the corporation, as we have known it, has been destroyed.

Mr. NICHOLSON: I do not wish to prolong the discussion. I understood that the Prime Minister said that this organization had been transferred to the Department of National War Services. Is that correct?

Mr. HOWE: Yes.

Mr. NICHOLSON: I should like to take the opportunity of commending the government for this wise move. I believe that that is where the organization should belong. I do not believe that the Minister of Munitions and Supply, who is burdened in many directions, should be burdened with this. I urge upon the newly elected Minister of National War Services that he give careful consideration to the recommendation made this evening by the hon. member for Rosetown-Biggar, namely, to set up a committee to look into this whole question at the next session of parliament.

Item agreed to.

524. Air service. Civil aviation division. Airways and airports—Construction and improvements, including lighting and radio facilities—capital—further amount required, $238,500.

Mr. MacNICOL: May I ask the acting leader of the house, where do the estimates come in for national defence for air?

Mr. MACKENZIE (Vancouver Centre): There are none. They are all covered by the war appropriation vote carried earlier in the session.

Mr. MacNICOL: Does the same apply to national defence for naval services?

Mr. MACKENZIE (Vancouver Centre): Yes.

Item agreed to.

DEPARTMENT OF LABOUR

100. Annuities act, $255,742.

Mr. COLDWELL: This relates to the new act under which annuities are bought and paid?

Hon. N. A. McLARTY (Minister of Labour): Yes.

Mr. COLDWELL: Has there been an increase of recent years in the business in annuities? In some places campaigns have been put on to sell more of the government annuities.

Mr. McLARTY: Speaking from recollection, although I shall endeavour to obtain the figures, I believe that in 1939-40 it was about $21,000,000, and in 1940-41 it was about $19,000,000. My recollection is that there is a decrease of about $2,000,000.

Mr. COLDWELL: Would that be due to the increase in the rate? At one time our annuities had a favourable rate compared with those of insurance companies. But the insurance companies made representations, and I do not know whether it was on account of their representations or as a result of some inquiry, but the rate was raised, I believe by 15 per cent. Has there been a drop in the annuities since then?

Mr. McLARTY: No. There has been no drop in the rate. The rate has been 4 per cent, and that is what it has been for, I believe, four or five years.

Mr. COLDWELL: Yes, but I meant the 15 per cent increase in the rate which brought it up to 4 per cent?

Mr. McLARTY: Yes; I think that is right if the hon. member refers to the cost rate.

Mr. HAZEN: Who are the agents to whom commissions are paid? I mean, are they private individuals?

Mr. McLARTY: Oh, yes, they are private individuals.

Item agreed to.

104. Industrial Disputes Investigation Act, $40,000.

Mr. MacNICOL: The hon. member for Vancouver East (Mr. MacInnis), speaking last night on estimates pertaining to labour, took occasion to say something about manufacturers and their unfair treatment of their employees. There are undoubtedly some manufacturers who in the past have not perhaps treated their employees as they should have done, but the statement of the hon. member was all-embracing and included everybody. That is not the situation. There are many earnest and sincere manufacturers and businessmen who do treat their employees as employees should be treated, in a spirit of brotherly love, which enjoins a man to follow the Golden Rule and do unto others as he would have others do unto him. I myself was a member of a trade union some thirty-five years ago, and in those days I was fairly well posted on trade unionism. I have not been a member for a long time because I graduated from the plant to the executive section of the business, and in my experience I have had both sides of plant life. My experience in plant life has been that managers who treat their men as they should be treated get much more out of them than do those managers who fail to treat their employees properly. A live manager who wishes to obtain the greatest output does, as he should, treat his men properly, just as he would like to be treated, or as he felt he should be treated when he himself was an employee.

I have found, in the course of many dealings with labour leaders, that they too are anxious to avoid strikes. A real representative of labour, a first-class union man, tries at all times to maintain harmony between men and employers, and at the same time he does his best to get fair play for the men. I have found labour leaders, times without number, doing everything they could to avoid calling out their men. Such leaders should be complimented upon their sincerity. Now is the time, if ever there was such a time, when harmony should be encouraged in every possible way; for to-day all should be united, both men and employers, in a common desire to produce the utmost in order to win the war. That is our main objective. Therefore the department, under this vote for the Industrial Disputes Investigation Act, should try, and perhaps it is trying, to bring about harmony.

The minister has had a good deal of experience because he has had much to do in his time with adjusting disputes between men and employers. For years I have known of his activities in such matters, and he should be qualified so to direct his department as to avoid to the last limit any dispute between employers and their men, in view of the necessity of producing for war purposes. I have a high regard for my hon. friends to the left. They are doing their best as they see it to represent labour, but I am and I have been a practical labour man—not lately perhaps, because it is some years since I laboured, although in former years I did labour, and I laboured hard in plants. I know, therefore, what labour conditions should be and what labour men should do. As I say, I was one myself. The labour unions have done a great deal and they deserve credit. I have seen much improvement in plant life through the earnest intentions of labour leaders—honest leaders—working for the betterment of the conditions of their men. On the other hand, I know many employers who have diligently endeavoured to improve the conditions of their working men. It was that way in the plant with which I was associated.

Where you have harmony between employers and men, there is much more production. A strike is at all times not only contrary to the welfare of the men themselves but injurious to the plant as well. Therefore every earnest man, be he employer or agent of a union, tries to avoid strikes. Part of the trouble in Toronto at the moment is due to the fact that the government itself now controls certain plants there and, doing as the government should do, it gives good wages and the best working conditions. This has had an effect on a large number of employees in plants owned by private individuals. Whether the plants of private individuals are able to live up to the standards set by the government I do not know, but some of the strikes which have recently occurred in Toronto have come about because the private plants felt unable to maintain standards set by government. Every effort should be made to avoid strikes.

Since the war broke out, many of the plants—not so many lately—have operated three shifts a day. Many have reduced the number to two shifts of ten hours each, and they say that they are getting good results, but other plants still operate three shifts. One man told me last Saturday that a certain plant operates three shifts a day of eight hours each, but the shifts alternate. Using an arbitrary figure, I presume one shift would start at midnight and work until eight in the morning, another from eight until four in the afternoon, and a third from four until midnight, and they vary from hour to hour, so that often one of the shifts will work all night. Those men who have been working all night think there should be a distinction in the wages received as between those working at night and those working in the daytime. There is something in that. There should be some adjustment in favour of those who work at night, and those who work in the daytime would get the benefit of the adjustment when it was their turn to work at night. That is one cause of complaint.

Then I am informed that there is considerable child labour. I know that is supposed to be under the control of the province. In New York state they recently adopted a child labour law called the Nunan-Moffat law, which prohibits child labour, and where a plant uses child labour they prohibit the transport of the material produced in that plant over the roads or the transportation services of the state. I see a lot of very young-looking people going to work here; they look less than sixteen to me.

In conclusion, I would just say that we all look to the minister to use the conciliation methods in every possible way between employers and men in order to keep the plants going, and see to it that fair play prevails all round, fair play for the company and fair play for the men, because men cannot do a good day's work if they are dissatisfied, and furthermore they are liable to be injured while thinking about their conditions. Therefore every effort should be made to have men happy at their work.

Mr. GILLIS: I understand the hon. member for Davenport is an employer of labour.

Mr. MacNICOL: I was also an employee, but held a responsible position for many years.

Mr. GILLIS: I was going to say that it is too bad there are not more employers who have the same attitude of mind as the hon. member with respect to the questions he has just been discussing.

Mr. MacNICOL: I should have said I was an executive official.

Mr. GILLIS: I wish to bring something to the attention of the Minister of Labour. I refer specifically to the Hamilton plant where at the present time the government is in the position of employer. I do so on account of the fact that the Minister of Labour a few days ago, in answer to a question as to the number of strikes in Canada at the present time, answered that there were none of which he knew.

Mr. McLARTY: In war industries. That was this morning.

Mr. GILLIS: I have received from the steel workers organizing committee a copy of a resolution which was sent to the Prime Minister, and I presume the Minister of Labour is familiar with the subject matter of it. If conditions in that plant are as set out, then I think the Minister of Labour under his conciliation machinery should take immediate steps to iron out that situation.

I find myself in this position, being a member of a union and this house closing within a few days. I go back to a district where there is considerable unrest, and, as pointed out by the hon. member for Davenport, men who are interested in the legitimate unions do at all times use whatever influence they have in the unions to avoid strikes and live up to collective agreements and so forth. That has always been and will in the future be my attitude. While the house is in session, I believe the great majority of the men who have grievances that might culminate in stoppage of work will be marking time, thinking that this house will enact some legislation which will give them a way out of their difficulties other than a strike or stoppage of

work. But with the attitude that the government apparently have been taking with respect to the implementation of order in council 7440, which is the basis to-day for the settlement of all disputes in labour, if we leave with the decisions that have been rendered and the interpretations that have been placed on that order in council standing as they are without doing something to clarify them, I am afraid that after this house adjourns we may run into an epidemic of trouble. That is why I rise at this time.

I think the minister would be well advised if he studied the subject matter of the resolution to which I have referred, and if the controller in the Hamilton plant at the present time is taking the attitude said to be taken in respect of conciliation, recognition of the union and the extension of his power there to probe the matters that apparently are bothering the men employed in that plant, it would be basis upon which other difficulties across the country might be settled. If the government as employer set the example for the other plants in the country with respect to that order in council and its powers as related to labour disputes, in my opinion that would be doing something to avoid the troubles that I see in the future unless something like that is done.

Another board which, I believe, has reported recently to the minister, is that set up for the purpose of examining into the situation of the railway employees with respect to bonus and so forth, representing, I think, some eighteen different organizations in the railway running trades. I understand that is a split decision; that there is a majority and minority report. The minister is now in this position: if I understand order in council 7440 correctly, if a conciliation board render a decision and have erred in their judgment, the Minister of Labour has the power to review that position, and if it is not in accordance with his interpretation of the order in council, or if the intention of the order has not been carried out, he can reinstruct that board and see that a proper decision is given.

If that were done, I think much of the trouble we have been running into would be avoided. I see most of the men who sit on these boards. I read and interpret that order in council as I think it was intended to be interpreted and see no difficulty with respect to its administration. There is much latitude given; the language is very clear, and I think anyone who misunderstands it does so deliberately, working in the interest of someone else. In the final analysis, however, the Minister of Labour has the right to interpret it.

[Mr. Gillis.]

In connection with that railway matter no decision has yet been made public. I should like the Minister of Labour to give an interpretation now of how he thinks order in council 7440 should apply to that case, and to state what he is prepared to do with respect to eliminating the difficulty that exists in that Hamilton plant at the present time.

Mr. McLARTY: In connection with the Hamilton plant, as the hon. member is aware a board has been set up there. The board is reconvening on Monday. I am given to understand that there are certain things to be ironed out in that plant. I do not wish to anticipate what the board will do. It would not be fair to them, but I believe that when they meet on Monday, a genuine effort will be made to iron out the difficulties.

In connection with the railway matter, that report was received last night. I have not yet had an opportunity to review it; but, as the hon. member correctly points out, the right of review is specifically provided, and I can assure him that the report will be reviewed very carefully.

Item agreed to.

109. Special—to provide for commitments under relief settlement agreements with the provinces, $75,000.

Mr. NICHOLSON: Hon. members will notice that there is a drastic reduction in this item, from $500,000 to $75,000. It was announced some time ago that the contributions made by the dominion government to the provinces would cease some months ago.

As outlined in the annual report, some years ago the federal government, in cooperation with the provinces and municipalities, entered into a resettlement plan under which settlers in a number of provinces were reestablished on the land. According to the report, in 1939 activities were carried on in New Brunswick, Saskatchewan, Alberta and British Columbia. A great many people from the drought area were reestablished in my constituency under this act and similar arrangements. Last year I brought before the house some of the conditions that prevailed in the districts where these new settlers were living. Some hon. members came to the conclusion that I was referring to all the farmers of Saskatchewan as living under those conditions, which, of course, was not my contention at all. I was confining my remarks to the conditions that prevailed in those areas in which the people were being reestablished under these government schemes.

I think this government has followed a mistaken policy in discontinuing assistance towards this important work at this time. The other

night I raised the question when the agriculture estimates were before the committee, and the Minister of Agriculture said that he was sure the spirit of Saskatchewan was such that if a family was without flour some neighbour would come to the rescue. That is the spirit of Saskatchewan, of course; I think people in their poverty are more generous than people who are well to do. I have heard many remarkable stories of the extreme generosity of those who themselves have been in dire want. But the situation is that there are whole blocks of communities in which from 90 to 100 per cent of the people have been dependent upon government assistance for their supplies of food month by month. I am sure hon. members of this committee would have difficulty in grasping the meagreness of those supplies. I placed on the record previously some of the allowances that were made, and I am not going to repeat my statement to-night, but the conditions I described a year ago still prevail. Two or three weeks ago I was in my constituency for a few hours, and I saw two men who were leaving their wives and children because the government had notified them that no further relief would be given after May 31. These men were going to join the army, but I wish to tell this committee that they were not in the proper frame of mind to make their best contribution.

As I pointed out to the Minister of Agriculture, there are some things I think this country can do. We should be able to see that every home in Canada has all the flour that is necessary; and in a province like Saskatchewan, where they have had very little money spent in the development of war industries; where conditions are such that I think it will be extremely difficult for the provincial government to discharge its responsibilities to those people who are being reestablished, surely ways and means can be found to see that everyone has enough to eat. In the second place, I think the Minister of Labour should see that if these people are not going to be reestablished they should be given a chance to find some other employment. This government has been a party to taking these people from their homes in the southern part of the province—

Mr. McLARTY: No.

Mr. NICHOLSON: I understood that at the outset—

Mr. McLARTY: No; this act never applied to Saskatchewan.

Mr. NICHOLSON: But, as I understand it, this department has been guaranteeing a part of the money necessary to provide food for the people who were being reestablished. Is that not correct?

Mr. McLARTY: Yes; up to this year we have been supplying direct relief.

Mr. NICHOLSON: The food the people require in order to live is an important factor in that reestablishment. I do not know how those people are going to be able to survive because, as I have said, I do not see how the province of Saskatchewan can fulfil its responsibilities to them. If this government is not going to carry out the terms of the contract under which those people have been reestablished, then it is our duty to see that they are given a chance in industry. I know of some people being reestablished who were machinists and mechanics in the cities. They went north a few years ago to avoid going on relief or to get off relief, as they thought at that time. Some of them have been appealing to me to make contacts so that they may get back into industry in order to render some useful contribution in the present crisis. Some time ago the hon. member for Davenport told me that he never knew it to be so difficult to find employment for people in his riding; and there is not an hon. member who has offered me any encouragement to have people from my constituency come to Ontario or Quebec, or any other eastern province, in the hope that they may find employment. The Minister of Labour should do one of two things. He should either set up the necessary machinery to enable those people to find employment in those parts of Canada where industries are being operated, or continue to see that they have the wherewithal to obtain sufficient food in the meantime.

Mr. McLARTY: This relief settlement project never did apply to Saskatchewan. It applied to Quebec, Manitoba and Alberta.

Mr. NICHOLSON: This report mentions Saskatchewan.

Mr. McLARTY: It should not, because the project has never applied there. The provision under the act is that one-third of the cost is paid by the dominion, one-third by the province and one-third by the municipality. What the hon. member suggests is that we should revert to the system of providing direct relief in Saskatchewan. That matter has been debated in this house; and the difficulty is that if an exception is made for Saskatchewan, it would have to be made for other provinces as well. I believe Saskatchewan has received fairly generous loans in this connection from the dominion treasury, and I suggest that rather than establish any precedent by reinstating the system of direct relief in that

province, if the necessity exists and they cannot finance it themselves it would be more appropriate to do it by way of loan than by reopening the direct relief legislation.

Mr. HOMUTH: I do not know that the hon. member who preceded the minister really referred to the reopening of direct relief. The more we see of this whole industrial and unemployment situation, the more we begin to realize how we have fallen down in connection with our national registration. Industries throughout Ontario are calling for mechanics to-day; and not only for mechanics but for labourers as well. I know a great many men who registered as having been machinists. I know men who were expert machinists at the time of the last war and who to-day are driving bread-wagons or doing other jobs not connected with war industry. We have men on the farms of Manitoba, Saskatchewan and Alberta who were formerly mechanics, but who to-day are in the position described by the hon. member for Mackenzie, of requiring relief.

The whole system of national registration has fallen down, because we have not taken advantage of it. If one talks to one minister of the government and says, something about industry, his reply is that this is the responsibility of some other minister. Minister after Minister will say, "This is not my responsibility; the Minister of Munitions and Supply will answer that." Another minister will say, "This is not my responsibility; the Minister of National Defence will answer that." There is not the coordination of effort in our war effort which we ought to have. The result is that if we had used national registration in the way we ought to have used it, we would have been in a position to choose the men who on their national registration cards said they could do this or that job. We could have moved them to those jobs.

Members of the government will reply that that is conscription of labour. I say that it is not conscription of labour. It is an allotment of labour to the jobs those people can do. The great difficulty has been lack of coordination among various departments of government, a failure to see to it that those who are on relief are moved to those sections of the country in which they could do something in our war effort, and earn an honest living without having to accept relief. In that way there would be coordination of our whole effort among the various departments, and we would be getting somewhere.

To-day some industries are being bogged down on account of the recruiting campaign. Industries are saying to departments of government, "Here are men we cannot spare; here are men who are most important to our war effort." But because the government are anxious to see that the enlistment quota is filled before ninety days have expired, they are paying no attention to the necessity of retaining certain men in industry. On the other hand, there are a great many men in other parts of Canada who could be put into those industries, but to whom the government is paying no attention. My objection is that this lack of coordination among various departments of government is doing a great deal of harm to our whole war effort, and is making it necessary for members from various constituencies in western Canada to make appeals for the relief of their people.

Mr. COLDWELL: The point of view of the government in respect of these matters is wrong. I have always been opposed to a system of direct relief. I believe that in 1931, when this procedure began, a most profound mistake was made. While the cost of public works may be greater, still the morale of the people is maintained by a public works programme. I certainly believe that if we have to face the situation again, we should never go in for a system of direct relief.

In the past few days in the House of Commons we have been speaking about recruiting and morale. I am of opinion that we are not going to maintain the morale of our people if we allow conditions to remain as they now exist in some parts of Saskatchewan, and in some of our larger cities. I read in the Montreal *Gazette* this morning that in that city there are 6,000 heads of families unemployed. If that condition continues, surely it offers no hope for the post-war period. As a matter of fact, it gives people the idea, "Well, we are going back to the same old conditions again, when this is all over."

At noon to-day I had the privilege of having lunch with a minister from a sister dominion, namely, New Zealand. He was describing the enthusiasm there was in that country. They have conscription for overseas service in New Zealand. But the main point is that they are not going to return to the kind of conditions to which our young men may have to return. Already they have organized wealth and industry, and they have compelled wealth to lend its money without interest to the state. They have given to the aged pensions at sixty, amounting to 30 shillings a week, or about $30 a month at the normal rate of exchange. They have free health services, hospitalization and maternity services.

Mr. MACKENZIE (Vancouver Centre): Is that a contributory system?

Mr. COLDWELL: Yes, a contributory basis. Those factors maintain the morale of the people. Here to-night we are discussing unemployment relief. Of course, if we were manufacturing the commodities so badly needed overseas, we should have no unemployment in this country. But the fact is that we have unemployment; we have relief right at our doorsteps. I have said a number of times, and I shall say it to-night for the last time during this session, that if we wish to have the high morale we need in order to win the present conflict, we must plan for something better than the bread-line. We must see to it that during this war the people are fed and clothed and given an opportunity to work. I wish to impress that fact as forcibly as I can upon the minister and the government at this time.

Mr. BLACKMORE: One more thing we must do: We must open our eyes and recognize the fact that when there are unemployed in Canada there are unemployed in Canada. We have not a shortage of labour. It is astounding to me that members of the administration and members of parliament generally will persist that we are short of men in Canada. Yet when we read the newspapers we find there are 6,000 unemployed in Montreal. How on earth people can possibly square the two situations, I do not know. We have enough labour and enough unused resources to produce plenty of all the commodities Canada can produce for all her people, and still give to great Britain a great deal more than we are giving her. But we simply must reorganize our way of doing things so that we may bring together the labour, and the natural and financial resources of our country in order to achieve the desired end.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. LAPOINTE (Quebec East): Mr. Speaker, I move, seconded by the Minister of Mines and Resources (Mr. Crerar):

That on Saturday, June 14, 1941, the house shall meet at eleven o'clock, and the order of business and procedure shall be the same as on Friday.

In making this motion, I desire to thank the committee for its cooperation to-night, and to offer also my thanks for anticipated cooperation to-morrow. I believe it is the general desire that the session be adjourned to-morrow. I do not speak for myself or for members of the government, because we live in Ottawa, and it would not make much difference to us even if we sat next week. But it is the desire of hon. members generally, many of whom have already left, and others who have made arrangements to leave, that we should expedite business to-morrow in order to reach that end.

I wish to point out, however, that some time must be left for the hon. gentlemen of the other house in order that they—

Mr. ROSS (St. Paul's): The other place.

Mr. LAPOINTE (Quebec East): Yes, the other place, so that they can consider the supply bill, and also some time for the representative of the crown to tell us when to come back to Ottawa.

Mr. HOMUTH: Might I ask the right hon. gentleman who is leading the house whether, in view of the fact that government orders will come before questions to-morrow, the house might not first be given the answers to the few questions that remain on the order paper?

Mr. LAPOINTE (Quebec East): With pleasure.

Motion agreed to.

On motion of Mr. Lapointe (Quebec East), the house adjourned at 12.05 a.m. until Saturday, June 14, at 11 a.m.

Saturday, June 14, 1941.

The house met at eleven o'clock.

WAR EXPENDITURES

CHANGES IN PERSONNEL OF SPECIAL COMMITTEE

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

That the names of Messrs. Coldwell, Reid, O'Neill and McIlraith be substituted for those of Messrs. MacInnis, Mayhew, McGeer and Gray on the special committee on war expenditures.

Motion agreed to.

HOUSE OF COMMONS

RESIGNATION OF ASSISTANT CHIEF OF FRENCH JOURNALS

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

That the recommendation of the honourable the Speaker with respect to the resignation of L. P. Desrosiers, Esquire, assistant chief of French journals, House of Commons, laid on the table of the house on the 10th of June, 1941, be concurred in.

Motion agreed to.

TITLES OF HONOUR

ELEVATION OF RIGHT HON. R. B. BENNETT TO THE PEERAGE

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I desire to direct a question to the Prime Minister. Was the approval or opinion of the government of Canada sought regarding the elevation of the Right Hon. R. B. Bennett to the peerage of the United Kingdom?

Right Hon. W. L. MACKENZIE KING (Prime Minister): In reply to my hon. friend, who was kind enough to inform me of his intention to ask this question this morning, I would say that some little time ago the Prime Minister of the United Kingdom informed me of what he had in his mind with respect to recommending the appointment of the Right Hon. R. B. Bennett to the House of Lords, and asked if I had any observations to make with respect to the matter.

Perhaps I can best explain the situation by reading the resolution of the House of Commons which was adopted in 1919 with respect to titles and orders, or rather, that portion of it which is pertinent. An address was presented to his majesty praying that his majesty may be graciously pleased:

(a) To refrain hereafter from conferring any title of honour or titular distinction upon any of your subjects domiciled or ordinarily resident in Canada, save such appellations as are of a professional or vocational character or which appertain to an office.

(b) To provide that appropriate action be taken by legislation or otherwise to ensure the extinction of an hereditary title of honour or titular distinction, and of a dignity or title as a peer of the realm, on the death of a person domiciled or ordinarily resident in Canada at present in enjoyment of an hereditary title of honour or titular distinction, or dignity or title as a peer of the realm, and that thereafter no such title of honour, titular distinction, or dignity or title as a peer of the realm, shall be accepted, enjoyed or used by any person or be recognized.

All of which we humbly pray your majesty to take into your favourable and gracious consideration.

A suggestion was made that the title of "right honourable" and "honourable" be discontinued, but the suggestion did not meet with the approval of the committee.

The house will see from what I have read that the question which was of importance in connection with what the Prime Minister of Great Britain had in his mind was as to whether or not Mr. Bennett might be regarded as being "domiciled or ordinarily resident" in Canada. My attention was drawn by the Prime Minister of the United Kingdom to the fact that Mr. Bennett had been a resident of the United Kingdom for some time, and had permanently established himself in England, and did not consider himself as a resident of Canada, that he had abandoned his domicile in Canada and become domiciled and ordinarily resident in Great Britain, and therefore, in the opinion of the Prime Minister's advisers in the United Kingdom, any recommendation by him would not fall within the terms of the 1919 resolution of the House of Commons of Canada. It was added that Mr. Bennett had expressed his intention both in Canada and in Great Britain to live in England for the remainder of his life, and therefore that he could now rightly be regarded as falling outside the terms of the resolution as regards honours, and as a person who could properly be recommended for the award of an honour in Great Britain. In reply to the Prime Minister of the United Kingdom I said that I had no observations to make on what he had in mind, but I added that I was sure that Mr. Bennett's own statement would be accepted as a complete answer to any question arising out of the resolution of the Canadian House of Commons of 1919, as to whether or not he is to be regarded as domiciled or ordinarily resident in Canada.

I was also advised of the intention of His Majesty the King to invite the Hon. Vincent Massey to become a member of His Majesty's Privy Council in the United Kingdom, and of the intention of the Prime Minister of Great Britain to make the necessary submission. I was asked specifically whether I would approve the appointment. I replied I would approve most cordially of the appointment should it be made. I may add that I think the appointment has met with high approval in all parts of our dominion.

An hon. MEMBER: What about the other one?

Mr. STIRLING: Would the Prime Minister be good enough to lay on the table copies of all correspondence pertaining to Right Hon. Mr. Bennett's appointment?

Mr. MACKENZIE KING: I may say to my hon. friend who is leading the opposition that the correspondence is marked confidential. I have given to the house that part of it which I think is pertinent and I can assure him that there is nothing else in the correspondence which I believe the house would wish to know, though there are references to some matters which I think possibly Mr. Bennett himself and others would prefer to have remain confidential at least for the present.

WOMEN IN WAR WORK

PERMISSION TO PROCEED TO THE UNITED KINGDOM ON RED CROSS TRANSPORT SERVICE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Some days ago the hon. member for Parkdale (Mr. Bruce) asked me a question as to the alleged refusal to have a permit granted to some ladies in Toronto who were anxious to cross to the United Kingdom to offer their services in connection with the Canadian Red Cross transport work. At the time the application was received there was nothing to indicate that the ladies who were applying for permission to proceed overseas were members of the Toronto detachment of the Canadian Red Cross transport service. The application came simply under their own names. When it was ascertained, after the hon. member for Parkdale drew my attention to the matter, that it was in connection with the transport service that the application had been made, the government immediately took steps to see that the necessary permission would be granted. The only reason for which it had been refused was the order in council which applies to individuals and which prohibits women from travelling to the European war zone unless granted special exemption.

The question of granting permission to Canadian women desiring to serve in this and similar organizations has recently been taken up with the government of the United Kingdom and tentative arrangements have been made as to the conditions under which women would be accepted for engagement. I understand that a representative of the corps has arrived in Canada to look into the question of securing suitable personnel and it is hoped that arrangements can be worked out under which women who have been accepted for employment in the corps may be granted permisison to proceed to the United Kingdom.

I have just read from the communication which I sent to the hon. member for Parkdale a day or two ago in order that he might understand the situation. There is every desire on the part of the government of Canada to see that women are given the fullest opportunity to participate in all phases of war work in which it may be thought advisable and helpful for them to take part.

SUPPLY

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

DEPARTMENT OF LABOUR

109. Special service. To provide for commitments under relief settlement agreements with the provinces, $75,000.

To provide for contributions to youth training programme, $1,500,000.

Mr. ROSS (St. Paul's): The first of these amounts is to provide assistance for relief. I do not quite understand why we should have any relief at the present time, but the fact is that we have it. There has been a national registration in Canada and the government ought to have all the statistics available by now, and ought to be able to put every man, woman and child in the proper place so that a maximum war effort may be attained. I am going to make another plea for the assistance which was asked for by the board of education in Toronto.

I have here, as I have no doubt the minister has, photographs of the work that has been done at the central technical school in Toronto. The lads who go to that school are drawn not only from Toronto but from outside places as well, and it is only right that the government should give some assistance to the board. It is hardly fair that all the burden should fall on the taxpayers of the city. The minister has said that he cannot hold out much hope, but I certainly think that at a time like this the government should not worry about establishing a precedent in order to give this assistance to the board.

And now a few words with regard to the question of labour organization. I suggest that the government should do everything it can to assist workmen at this time to organize, but it certainly is not doing so. We know what the situation is in connection with some government companies—the Canadian Broadcasting Corporation and Federal Aircraft Limited. The men have been told they are not allowed to organize. We must remember that they wanted to organize under the American Federation of Labor and the Trades and Labour Congress of Canada, which are recognized organizations, and in my opinion it is their right so to organize. An opinion was obtained from the Department of Justice which the Minister of Munitions and Supply read not long ago:

Your corporation is, in many respects, in the position of a department of the government and I would not think that the board of governors or the general manager would have the authority to enter into such an agreement which would restrict the authority of the corporation to act as freely as the government itself in all matters relating to its own employees.

May I point out that when we ask for any information with respect to the Canadian Broadcasting Corporation—

The CHAIRMAN: Order. The question of the Canadian Broadcasting Corporation was taken up last night on estimates then before the committee. The committee is now on item 109, to provide for commitments under relief settlement agreements with the provinces, and

I would point out that we must, if we desire to finish some time, stick to the items under discussion.

Mr. ROSS (St. Paul's): I wished to discuss under this item a few questions with respect to labour. It is about the only item under which I can do it. I would be very brief.

The CHAIRMAN: The hon. member might find some appropriate item under labour.

Mr. ROSS (St. Paul's): I suppose I could do it under youth training. But if I might have the indulgence of the committee I should like to finish my argument.

The CHAIRMAN: I would ask the hon. member to wait until we come to item 112, and we can see whether his remarks fall within the scope of that item.

Hon. N. A. McLARTY (Minister of Labour): When the house rose last night I was about to make a statement in answer to a question raised by the hon. member for Mackenzie and the hon. member for Rosetown-Biggar. I stated that Saskatchewan is not under the relief settlement plan. In one sense that statement is correct, but it might be misleading. When the relief act was passed in 1932, Saskatchewan, with all the other provinces except Prince Edward Island, was covered by an agreement in the matter of land settlement. In 1934 the situation became very serious on account of the drought there, and Saskatchewan was taken out entirely from the relief settlement act and a special vote placed in the Department of Agriculture estimates under which I believe some 900 families were settled in the northern part of the province. To that the dominion contributed the usual one-third and the province and municipalities contributed accordingly.

The suggestion was made that we should endeavour to transfer some of the surplus labour from that province to other provinces where there is a much greater demand. Two steps have been taken. In the first place a vote was passed for the province of Ontario, where they alleged a shortage of agricultural labour, of $60,000, to which the province is contributing dollar for dollar, in order to obtain such labour from areas in Canada in which there is a surplus of agricultural labour and move it into sections in which there is a demand for agricultural labour. That applies to only one phase. In addition it has been suggested, I think by the hon. member for Mackenzie, that there is a surplus of industrial labour as well in Saskatchewan. Heretofore it has been somewhat difficult to transfer that surplus to points at which the manufacture is carried on.

[The Chairman.]

Let me be quite frank; it is of course desirable that the plants be taken there, but that seems to be extremely difficult, if not impossible. The employment officers have, as the hon. member knows, been under the control and direction of the provinces. On July 1, under the terms of the Unemployment Insurance Act, the employment offices will come under the control of the dominion. In other words I think that we can work out, through the employment offices, a coordinated scheme which will carry out the idea which the hon. member expressed. At the present time it is the intention to open employment offices in Saskatchewan at Moose Jaw, North Battleford, Prince Albert, Regina, and Saskatoon. These will be principal offices. But in addition we shall have suboffices, and I am hopeful that use could be made of the national registration and of those employment offices to endeavour to draw upon that reservoir of surplus and in some cases skilled industrial labour which it is suggested exists in Saskatchewan.

Item agreed to.

110. Special. To provide for contributions to plans for rehabilitation of unemployed higher age persons, $125,000.

Mr. GILLIS: The regulations with regard to youth training, with particular reference to plans for rehabilitation of unemployed higher age persons, are somewhat vague. Will the minister explain just what these plans are, and what amount of this appropriation has been apportioned to each province?

Mr. McLARTY: No apportionment has yet been made. The agreements are not completed.

Mr. GILLIS: What are the regulations with respect to the training of unemployed higher age persons? I have had many letters of inquiry from unemployed men who have reached say fifty years of age and find it impossible to get into industry. They are prepared to make some contribution and want to know how to go about taking advantage of any government provision with respect to training for men in that age group.

Mr. McLARTY: I do not believe there are any special regulations applying to men in that age group. They are eligible for the war emergency training that is being given in that class. For instance, in April, 29 per cent of the trainees were over thirty years of age, but I have no break-down as to the number that would be over fifty. The thing for them to do is to apply just as any other trainees do. A large percentage are of course

returned soldiers, which would indicate that a considerable percentage would be around fifty years of age.

Mr. GILLIS: This matter was discussed at some length on the pensions committee. One of the officials in charge of this work, one of those who circulate throughout industry endeavouring to establish closer cooperation between industry and those responsible for laying down this training scheme, pointed out that there was considerable difficulty in securing men trained in shipbuilding, for example, and they were having difficulty in securing the cooperation of those engaged in the industry in the inauguration of some plan that would be workable.

It was pointed out that in Nova Scotia there is a large number of plants which are perhaps not large enough to engage in the turning out of boats of the size required for war work. Apparently they are making very little contribution to the war effort, and there is a serious shortage of men skilled in that trade. Would it be possible for the government to make use of these smaller plants by setting them up as training centres for shipbuilding?

Mr. McLARTY: I shall be glad to have that matter looked into.

Item agreed to.

111. Special. To provide for relief projects (revote), $2,722,700.

Mr. NICHOLSON: The vote this year is reduced from the $20,000,000 appropriated last year; and in last year's estimates there was a reduction from $27,000,000 to $20,000,000. How is this amount to be spent? The minister said last night that in the event of Saskatchewan being unable to finance her relief undertakings to those who have been reestablished under the land settlement scheme, credit will be given so that loans can be made from the federal treasury to see that at least people have enough to eat.

Mr. McLARTY: This item is simply a revote to cover accounts already incurred in connection with direct relief. I might add that I believe the hon. member for Mackenzie would do better to consult the Minister of Finance in the matter of provincial loans, rather than the Minister of Labour.

Item agreed to.

112. Special. To provide for administration expenses generally, including temporary appointments which may require to be made for such purposes notwithstanding anything contained in the Civil Service Act:

Unemployment relief and youth training, $97,936.
National registration, $33,000.
Comptroller of the treasury, $18,000.

Mr. ROSS (St. Paul's): Perhaps I can make my remarks on this item.

The CHAIRMAN: If they are relevant to the item.

Mr. ROSS (St. Paul's): This item has to do with administration, and certainly my remarks have to do with the administration of the department.

The CHAIRMAN: This is for administration in connection with unemployment relief and youth training, national registration and the comptroller of the treasury.

Mr. ROSS (St. Paul's): It is to provide for administration expenses generally.

The CHAIRMAN: Very well.

Mr. ROSS (St. Paul's): I read the opinion of the Department of Justice with respect to the right of the men employed by the broadcasting corporation, Federal Aircraft, and so on, to organize. I do not agree with that opinion; I think it is perfect nonsense that this stand should be taken. When we ask for any information with respect to the internal workings of the broadcasting corporation we are told that it is a separate corporation, and we cannot get that information. If it is a separate corporation for that purpose surely it must be a separate corporation to the extent of permitting these men to organize. Employees of the Canadian National Railways, of the Post Office Department, of the printing bureau and other branches are organized; why cannot these men organize? This is the sort of thing that causes unrest as far as labour is concerned.

I agree with Mr. Ralph Bell, director of aircraft production, that industry must bear no small part of the blame for the present attitude of Canadian labour; and certainly the government is not blameless. This is the time for employers to assist their employees in organizing. It is all very well to say that there is no unrest, that everything is fine. That is true; in some of these plants the employees are well looked after, but is it suggested that these labour organizations should be made up only of employees who are dissatisfied with their jobs? I call now on employers and employees to get busy and settle all the unrest what does exist in connection with labour. There has been a general surrender of the rights of the individual, both here and in Great Britain, but we must be sure that these rights will be returned to the individual after the war is over. They cannot be permanently taken away from the people without their consent.

We must remember that this is a life and death struggle. I would remind hon. members of what Mr. Roosevelt said in one of his speeches, that the issue is one of freedom or

slavery, that to-day we cannot have struggles between capital and capital, between labour and labour, or between capital and labour. We should also remember what was said by Mr. Bevin, the minister of labour in England, that anyone who promotes a lock-out or a strike, except after exhausting every means of settling the difference, is a traitor. The manufacturers have the right to belong to any organization they wish; so should labour. It would be better for labour if we could get things down to a simpler basis and have all the labour organizations more or less under one head. One of our difficulties to-day—

The CHAIRMAN: Order. We discussed general labour policies on the item covering the general administration of the department. Later we discussed the question of unionism and the set-up of the Canadian Broadcasting Corporation, under the appropriate items in the estimates. Now we are on item 112, which is to provide for administration expenses generally, including temporary appointments which may require to be made, with respect to unemployment relief, youth training, national registration and the comptroller of the treasury. If it is the unanimous wish of the committee that the hon. gentleman should have leave to discuss general labour policies, personally I am quite satisfied; I am in the hands of the committee. But I cannot apply the rules to one hon. member and refuse to apply them to others. I have to be fair and reasonable to all hon. members, and I am sure the hon. gentleman will appreciate my difficulty if I refuse to apply rule 58, paragraph (2). Unless the hon. gentleman secures the unanimous consent of the committee I must rule that he is out of order.

Mr. ROSS (St. Paul's): I thought I would have an opportunity to say what I have to say in a few words on this administration item.

Some hon. MEMBERS: No.

The CHAIRMAN: There were two other opportunities for any such discussion. If we should now revert to items already passed, how could I refuse the same privilege to other hon. members? Of course I am in the hands of the committee, if that is its wish.

Mr. ROSS (St. Paul's): I do not want any special privileges, Mr. Chairman.

The CHAIRMAN: Then I am afraid the hon. gentleman is out of order.

Mr. GREEN: This item is partly for the administration of youth training. In this connection we were told a few days ago in the pensions committee that there was some difficulty in connection with setting up schools on the Pacific coast to help train men for shipbuilding. That evidence was given by Mr. Crawford, who I believe is—

Mr. McLARTY: He is director of plant training.

Mr. GREEN: I think that situation is sufficiently important to warrant an explanation by the minister. Mr. Crawford said the shipbuilding yards on the Pacific coast were not desirous of having the government set up training schools, from which we took it that they did not think such schools could be of any use. At the time no mention was made of private schools. There are several private trade schools there which are doing very good work, and whose graduates are being taken on by the shipbuilding yards. There will be so many men needed for shipbuilding that it is of the greatest importance that we get away to the right start in training men for that work. I would therefore ask the minister to tell the committee what is the situation at the present time.

Mr. McLARTY: I am afraid I will have to give the hon. gentleman the same answer I gave to the hon. member for Cape Breton South, who advocated a similar use of schools in the province of Nova Scotia. All I can say is that I shall be very glad to go into the matter immediately and see what can be done along the lines suggested by the hon. member.

Mr. GREEN: In what way does the government cooperate with the private trade schools? Is there any plan of cooperation at all?

Mr. McLARTY: No, we have no plan of cooperation.

Mr. GREEN: Why is that? Might it not be wise, where there are such schools already established, for the government to cooperate with them and perhaps, by arrangement, expand their facilities and have some of the training done in that way?

Mr. McLARTY: The suggestion made by the hon. member is well worthy of consideration, and I shall give it immediately.

Mr. JOHNSTON (Bow River): Sometimes in my constituency I have had trouble in securing employment for skilled workers. I have written to the minister on two occasions in regard to men who were qualified artisans, and who have come to me wanting to know how they could get in these shops or schools as instructors. I have one man in mind who is qualified as an electrical welder, and who also does acetylene welding. He has been trying for the past year to get this kind of employment. I have written the minister on his behalf, and in reply to me the minister

suggested that I write to Mr. Ross of Calgary, and to a Mr. Henderson of Edmonton. I wrote these two gentlemen on this man's behalf, and also instructed him to write to them. I do not believe I received even an acknowledgment of my letters. He went to see the man at Calgary and also the one at Edmonton, but has been put off from time to time.

Surely there is something wrong. When men come to us as members of parliament and ask how they can get these positions, and we write the minister,—I suggest he is the proper person to whom to write—and he instructs us to approach someone at Edmonton, and there is no result, the persons affected become disgusted. I would not blame them. People go around wanting to know what is the matter with the government, and why there are not jobs for these skilled workmen. I suggest the minister should check up on the men who are supposed to be in charge of these training schools, because, so far as I am concerned, there is no satisfaction when one tries to get a man a position.

Mr. McLARTY: I do not recall the name of the person to whom the hon. member has referred, but if he will send me a memorandum I shall be glad to check it up.

Mr. GILLIS: In items 110 and 111 we make provision for youth training and for relief. The minister has said he will be glad to take into consideration the extension of training and the provision of more facilities. I notice however that in these items the amounts are substantially decreased. While the minister may be desirous of improving our present facilities, I suggest that he will not do so by cutting down the appropriation. In view of the fact that provision for youth training has been made in votes 109 and 110, and that the government has discontinued any connection with unemployment relief, why is it necessary to have an appropriation of $97,936, and how is it to be used? If we are not in the relief field, and if we have provided for youth training in earlier items, why is there need for this additional amount? If there is a need, how is it to be used?

Mr. McLARTY: The reductions in these estimates may be misleading. There is an appropriation in the war appropriation measure for about $4,300,000, which makes up the difference. So far as the items for unemployment relief and youth training are concerned, the general supervision of war emergency training and youth training, all of which is devoted to war purposes, is still under that branch.

Mr. DIEFENBAKER: One of the chief recommendations made by the war expenditures committee in the United Kingdom, and one from which a great deal of good resulted, was that there should be a national registration of all technically trained men in the United Kingdom, and that a national register should be set up listing the men whose services, as occasion arose, might be required. I have personal knowledge of men in western Canada who are trained mining engineers. Men are graduates of recognized universities, and yet for the time being they are out of employment, and their services are in no way being used. Then, there are numbers of mechanics throughout western Canada who during the last war devoted themselves to mechanical work in connection with the production of munitions and the like. Their services have not as yet been utilized. What is being done to mobilize the scientifically and technically trained men in Canada? I have in mind engineers, and the like, who would be willing at this time to give their services to the state in return for a reasonable compensation.

Mr. McLARTY: Some time ago under the chairmanship of Mr. Little we set up a wartime bureau of technical personnel. A vote of $41,000 was included in the war appropriation for that purpose, and it will probably have to be increased. The bureau is making just such a survey as has been suggested by the hon. member for Lake Centre.

Mr. DIEFENBAKER: How many have registered so far?

Mr. McLARTY: I am afraid I cannot answer that question at the moment, but I shall supply the information to the hon. member.

Item agreed to.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

202. Departmental administration, $114,460.

Mr. GREEN: When the civil service estimates were before the committee I referred to men in the Department of Pensions and National Health, permanent employees, returned men and married, who are employed at the rate of $60 a month, with a $5 bonus. I am informed that in one city a man drawing that small salary is in charge of investigations under the War Veterans' Allowance Act. Perhaps the same condition exists in other centres. In some instances these men are training temporary clerks who are to carry out such investigations and who, as temporary clerks, are drawing practically twice the salary. Why does that situation exist? Is there some way in which it can be remedied?

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): I understand that this matter has been taken up departmentally, but we have been delayed in regard to definite action by a treasury board regulation and by a definite instruction from the civil service commission applying to all departments of government.

Mr. GREEN: How long has that condition existed?

Mr. MACKENZIE (Vancouver Centre): For one year, roughly speaking.

Mr. GREEN: In British Columbia the minimum wage set by provincial law for a stenographer is $65, yet there we have married men employed by the dominion government and receiving salaries of $60 per month. That is quite unjustifiable. I should like to have some assurance that the situation will be remedied.

Mr. MACKENZIE (Vancouver Centre): I can assure my hon. friend that it is not what might be called a departmental fault. It has been taken up repeatedly and will be taken up again.

Mr. GILLIS: It would not be necessary to say many of the things that I should like to say at this time if the minister could assure me that the report of the special committee will come before the house for adoption or consideration.

Mr. MACKENZIE (Vancouver Centre): Does my hon. friend refer to the report tabled yesterday?

Mr. GILLIS: Was it?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: The minister is in charge of air raid precaution work. There have been some developments along this line since the subject was last discussed in the committee. Perhaps he could tell us what the situation is at the present time.

Mr. MACKENZIE (Vancouver Centre): Strictly speaking this discussion is not in order because, as my hon. friend knows, it comes under the war appropriation. An item of $250,000 was voted this year for air raid precaution work. Broadly speaking, the situation is that five provinces are organized and organization is proceeding rapidly in the Ottawa district and in Ontario. Doctor Gliddon is the federal air raid precautions officer, and he is primarily responsible for equipment and the issuance of such pamphlets and regulations as are thought necessary. Black-outs have been arranged in various parts of Canada, and they have been very successful, especially in the city from which my hon. friend comes.

Mr. GREEN: From which we both come.

Mr. MACKENZIE (Vancouver Centre): Yes. There is to be one in Toronto on June 18, and Montreal had one last week. A request has been made from Hamilton and, generally speaking, there has been a marked revival of interest in air raid precaution work. The contribution, if I may use that word, that we are making is mainly by way of instruction and cooperation and the providing of equipment. In connection with compensation, the committee upon which my hon. friend served made a recommendation that compensation be paid to those engaged in air raid precaution work. I have every hope that that will be implemented.

Mr. GREEN: Has the government taken any further steps to provide establishments in the different centres in which equipment may be stored? The minister will remember we asked about this some months ago and he said that if Doctor Gliddon recommended it, such steps would be taken.

Mr. MACKENZIE (Vancouver Centre): I remember that quite well. So far as I am aware, no specific recommendations have been made in that regard. Many communities have made provision for these centres. If the responsible officers find that it is a duty we should carry out, I shall be glad to see that it is done.

Mr. GREEN: Recommendation 12 of the report of the select committee on pensions reads:

> That by appropriate measures, the government make provision for compensation to the members of the auxiliary services who are serving the armed forces in an actual theatre of war, and their dependents, comparable to that provided for members of the armed forces.

As I understand it, the men serving overseas with the Young Men's Christian Association, the Salvation Army, the Knights of Columbus, and the Canadian Legion are not covered by the Canadian pension act and no provision is made to provide for compensation for disability, or compensation to their dependents in case of death. I understand that this is making it extremely difficult for these organizations to get men to go overseas, particularly men who are married. Is the government prepared to make provision to cover cases of this type? For all other purposes these men are treated as though they were members of the forces, but when it comes to compensation for disability or death, they are considered as being outsiders.

Mr. MACKENZIE (Vancouver Centre): I cannot assure my hon. friend that the compensation which may be provided for the personnel to whom he has referred will be exactly the same as is paid to those who are duly attested to his majesty's forces. I took up this matter actively last December and an interdepartmental committee was appointed some three or four weeks ago. They have made a report and the matter is now before the treasury board for consideration. I can assure my hon. friend that so far as my influence goes, it will be for provision to be made in connection with these cases.

Mr. GREEN: In the meantime there have been actual deaths.

Mr. MacKENZIE (Vancouver Centre): One case that I know of.

Mr. GREEN: Has that been provided for?

Mr. MACKENZIE (Vancouver Centre): Not so far, but I feel absolutely assured that it will be adequately provided for.

Mr. GREEN: Why cannot these men be treated for pension purposes on the same basis as the men in the forces?

Mr. MACKENZIE (Vancouver Centre): One reason is that they are not attested as such. Another is that they are not medically examined for the higher categories which are requisite for active service.

Mr. GREEN: Could that not be overcome by having them attested and by insisting upon their being medically fit for service overseas? I believe in the last war these men were all regularly attested.

Mr. MACKENZIE (Vancouver Centre): That might interfere with many of the cases known to my hon. friend and myself. Many veterans of the last war are now overseas and doing excellent work. If my hon friend's suggestion were carried out they might be debarred from serving in England. I think the situation will be met if we provide reasonable and equitable compensation in the case of injury or death.

Mr. GREEN: Are not the great majority of these men really in a medical category that would entitle them to serve overseas?

Mr. MACKENZIE (Vancouver Centre): I have no information on that point; I could not possibly have it.

Item agreed to.

205. Pensions branch. War veterans' allowance board, $192,565.

Mr. MacNICOL: Has any definite conclusion been arrived at in connection with the payment of pension to widows of soldiers who received a pension during their lifetime but not sufficient to entitle their widows to one?

Mr. MACKENZIE (Vancouver Centre): The matter was comprehensively reviewed by the committee whose report has been tabled, and an able presentation was made by my hon. friend with reference to the matter. I am not in position at the moment to announce any government policy. The report asks for further consideration of these cases. As my hon. friend knows, during the last few days I have had no opportunity of even discussing the report with my colleagues. The report will be considered between now and when the house meets in November, and in due course the government's policy will be announced. In my judgment this is not so much a question of pension administration, or something that would come under the War Veterans' Allowance Act; it is really a matter of social legislation, a measure of social security which later may commend itself to the government or to the house.

Mr. GREEN: Other suggestions with regard to the War Veterans' Allowance Act were made by that special committee. For example, one was that the men who had served in the Riel rebellion should be eligible for war veterans' allowance. Another recommendation was that a portion of the allowance should be made payable to a recipient when he is in hospital. Will there be an opportunity at the next session to consider amendments to this act?

Mr. MACKENZIE (Vancouver Centre): All I can say to my hon. friend is that during the recess I shall go through the report very carefully. I shall take up with the government the various recommendations, and government policy will be announced with respect to them as soon as we reconvene.

Mr. GILLIS: There is another matter which is not mentioned in the report. I made the request that recipients of the war veterans' allowance be permitted to earn per annum the equivalent of the maximum of the allowance. I stated at that time that it would not mean any additional cost to the country. I think the minister remembers that discussion.

Mr. MACKENZIE (Vancouver Centre): Yes, last year.

Mr. GILLIS: I am disappointed that there is not something in the report with regard to that, and perhaps I am somewhat responsible. Will the minister give consideration to the suggestion? The chairman of the committee made the statement at that time that it would

involve additional expenditure, because of the fact that in some cities men employed on elevators, receiving below the maximum amount permitted under the act, would be in a position to claim sufficient allowance from war veterans' allowance to bring their wages up in accordance with the maximum amount allowed, namely, $480 for a married man and $240 for a single man. What I had in mind was this, and I think that in the great majority of cases to which it would apply it would mean no additional expenditure. Men who were employed in industry, having had these years of war service, followed by years of employment in heavy industry, are likely to break down for a time. Take the case of a man in that situation at fifty years of age, which is about the average present age of the ex-service man. He has a rest for six months or a year, and rebuilds himself to the point where he can do a little of something. But he is restricted to earning just half what the war veterans' allowance permits him. I do not think there would be anything wrong with granting sufficient latitude to those who administer the act that in such cases, after investigation, men should not be prevented from earning a certain amount of money to augment the war veterans' allowance, in some occupation which was not their previous occupation. It seems to me to be a matter of administration; I do not think there is any necessity of changing the act. There could be an understanding that the board could deal with cases such as I have described. I am not speaking of the man who is working for $240 or $480 a year: he is not working at all, he is on a pension; there is something wrong with his head if he will work for that amount. But in the cases I have described, many men I know who are receiving a war veterans' allowance have the feeling, "If I go out and try to earn $200 it means a reexamination of the case and the possibility of disturbing the arrangement"; and as a consequence, men who really could be doing something are sitting at home and deteriorating. If the minister would make an investigation and have some understanding with the board along the lines I have suggested, it would eliminate a lot of resentment.

Mr. MACKENZIE (Vancouver Centre): I am informed the difficulty is that to some extent at least the regulations are based on those of the old age pensions legislation. There is voted every year by this parliament $32,000,000 for old age pension purposes, and this vote is about $8,000,000, and the idea has been to keep a balance of benefit between the two systems. Whether my hon. friend's suggestion can be carried out I cannot at the moment say, but certainly I shall be glad to consider it carefully.

Mr. GREEN: When the minister is considering the War Veterans' Allowance Act during the adjournment, will he also take into consideration the advisability or otherwise of including under that act men who served in the imperial forces who have been in Canada for, say, a period of fifteen years? I believe recommendations were made to the committee that those who came to this country before 1930 should be covered. Others said that they should have been here fifteen years, and some argued that the minimum period should be twenty years. I would ask the minister to take into consideration the case of these imperial veterans.

Mr. MACKENZIE (Vancouver Centre): Yes. As my hon. friend is aware, strong recommendations were made—by the Canadian Legion in particular—in regard to these men. I can hold out no definite promise, but I shall be very glad to take my hon. friend's observations into consideration.

Mr. GREEN: There was not time to consider the question thoroughly in the committee, and for that reason we find no recommendation in its report. But this is a very important matter, and should be given consideration.

Mr. BLACKMORE: There was one remark made by the minister to which I should like to give a little attention. As I gathered it, he conveyed the idea that the fault with respect to our war veterans' allowance is not that the War Veterans' Allowance Act is not sufficiently generous, but that our other social legislation is deficient. I think I gathered that aright. Well, I believe we ought to take for granted as a basis of our thinking this statement, that our social legislation generally in Canada is deficient. For example, I understand that New Zealand grants mothers' maternity benefits for each child. I understand also that New Zealand is granting the old age pension at the age of sixty. I have not had an opportunity of verifying those two statements, but I think they are correct.

Mr. MACKENZIE (Vancouver Centre): On a contributory basis.

Mr. BLACKMORE: Yes—well, on any basis whatever. The simple fact remains that in Canada we cannot get it on any basis. These are only two examples of the way in which Canada is lagging far behind other progressive civilized countries in the matter of social services.

It is not our business on this occasion to discuss social services, but our concern is to see to it that the widows and dependents of the men who fought or who served for Canada in the last war are not permitted to suffer. If the trouble is that our social legislation is deficient, we must not make that an excuse. I would say that the minister should demand, with all the emphasis of which his being is capable—and that is no small amount—that until such time as the social legislation of Canada is extended to the point where the widows and the dependents of our veterans are cared for, the War Veterans' Allowance Act simply must be made more generous until it provides for these people—every one of them.

Item agreed to.

206. Direct payments to veterans and dependents. European war pensions, $39,600,000.

Mr. GREEN: Would the minister tell us how many applicants there were for pension during the last fiscal year? I am referring to figures made up in such a way as that, for example, in 1938-39 there were 10,109 applications and in 1937-38 there were 10,450. I have not the figures for 1939-40 or 1940-41.

Mr. MACKENZIE (Vancouver Centre): There were first hearings in the last year: 6,343 granted, 12,271 not granted, making a total of 18,614.

Mr. GREEN: How many of those were for men of the old war, and how many for men of the new war?

Mr. MACKENZIE (Vancouver Centre): All from the old war.

Mr. GREEN: That seems to be a great increase in applications. Perhaps the minister is referring to some different set of figures.

Mr. MACKENZIE (Vancouver Centre): In the actual year from April 1, 1940, to March 31, 1941, the total was 1,772. I was taking the figures from the amendments to the act in 1936, the total being 18,614. The total actually in the year was 1,772.

Item agreed to.

208. Direct payments to veterans and dependents. Unemployment assistance, $1,100,000.

Mr. GREEN: There is a considerable reduction in this item. Has there been a reduction in the number of returned men getting unemployment assistance?

Mr. MACKENZIE (Vancouver Centre): A very definite reduction, caused principally by improvement in employment conditions, and also by a number of enlistments in the veterans' guard and other organizations.

Mr. GREEN: How many men have been granted assistance?

Mr. MACKENZIE (Vancouver Centre): The number is 6,302.

Item agreed to.

210. Services to veterans and dependents. Care of patients, $2,923,028.

Mr. GREEN: In the vote this year there is nothing for probational training allowance. There has been a vote for that work for several years now. Why has it been deleted this year?

Mr. MACKENZIE (Vancouver Centre): The vote as such is not shown, but the same provision is made under hospital and other allowances for the same purposes.

Mr. GREEN: The work is being carried on?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: The same thing applies to several votes. The vote for sheltered employment, which in the last estimates amounted to about $72,000, has been deleted. There was another vote for continuation of projects or schemes commenced by the veterans' assistance commission. Last year that amounted to about $70,000 and it has been taken from the estimates this year. Why is that?

Mr. MACKENZIE (Vancouver Centre): The provision for poppy manufacturing is made under the care of patients vote. Many of the other projects which were in existence since the report came in have been abandoned because they were unsound economically and, although their purpose was laudable and justifiable at the outset, it was the opinion of those who were advising me that they should be closed up and that we should direct our efforts to other methods of assistance in the days to come. The vetcraft shops have also been closed up. The workshop in Victoria is carried on by the Red Cross, who receive buildings rent-free from the dominion government.

Mr. GREEN: What about the projects that were recommended by the various veterans' assistance committees? Have they all been abandoned?

Mr. MACKENZIE (Vancouver Centre): Some are being continued under the local committees functioning in the various localities.

Mr. GREEN: Which ones are continuing?

Mr. MACKENZIE (Vancouver Centre): Windsor, Toronto—

Mr. GREEN: Is Montreal discontinued?

Mr. MACKENZIE (Vancouver Centre): Yes. Winnipeg is having special arrangements made with respect to a scheme of local land settlement, and I believe Regina is carrying on. It is all done with the concurrence of the local committees in charge.

Mr. GREEN: Is the government not putting up any of the funds for the projects?

Mr. MACKENZIE (Vancouver Centre): No.

Mr. GREEN: Who finds the money?

Mr. MACKENZIE (Vancouver Centre): It is done through funds already provided and by local financing by these committees, and they have assured us that in these cases they are able to do it.

Mr. GREEN: What about the different offices under the veterans' assistance commission? Have they all been closed or are they being amalgamated with the new dominion employment offices, or what is being done about them? At one time there were seventeen or eighteen across Canada and the government paid all the office expenses including salaries of the secretaries in charge. Have all these been closed?

Mr. MACKENZIE (Vancouver Centre): They have not been paid from the old vote since March 31, but provision has been made from funds that were made available by parliament for the veterans' welfare division until such time as the new organization is created, which will be within the next week or two.

Mr. GREEN: What is the intention with regard to these secretaries? Are they to be taken into some other branch of the government service?

Mr. MACKENZIE (Vancouver Centre): It is entirely a matter for the civil service commission. If these men applied and have qualified, then on the strict basis of merit they will be taken in; otherwise they will not.

Mr. GREEN: The offices are to be closed?

Mr. MACKENZIE (Vancouver Centre): New offices are to be organized in conjunction with the new employment service.

Mr. GREEN: That is, the veterans officials will be in the employment offices?

Mr. MACKENZIE (Vancouver Centre): Yes.

Mr. GREEN: There will be no veterans' assistance commission offices any longer?

Mr. MACKENZIE (Vancouver Centre): That is right.

[Mr. Ian Mackenzie.]

Mr. DONNELLY: I notice that the total for the pensions branch amounts this year to $53,921,407. Since the great war, what is the total amount that has been paid under all these various sections?

Mr. MACKENZIE (Vancouver Centre): The figure was given in committee the other day—$1,233,474,172.26.

Mr. GREEN: This item is for care of patients. There is an increase this year of about $70,000. Have any steps been taken yet to provide for the reconditioning of men who are discharged from the forces as medically unfit? For example, for men who might be nursed back to health so that they could be used in the services in a lower category.

Mr. MACKENZIE (Vancouver Centre): My hon. friend is familiar with the various orders in council dealing with the treatment of those discharged from the present war. The most recent one provides free treatment for those who are in such financial circumstances as to require it, and they get that treatment if they apply within one year after discharge.

Mr. GREEN: If they are in need of what is known as active remedial treatment?

Mr. MACKENZIE (Vancouver Centre): They get free treatment within one year if they need it financially. There must be the basis of need for active remedial treatment, but otherwise there is no limitation. All the benefits of treatment of the old war are being applied to those who are discharged from the present war. With regard to treatment for those with special meritorious service, class 18, there would not be any yet qualified for it but there will be some day, and they will automatically come under the regulations on October 5 applying to soldiers of the new war.

Mr. GREEN: Would it not be possible for our pension hospitals to recondition many of these men so that they could be used again in the forces? At present they are discharged and I think there is great wastage of man power in that way. The Minister of National Defence said last night that over 32,000 men had been discharged since the beginning of the war. I forget how many thousands were discharged as medically unfit, but approximately half. I am quite sure that many of these men could have been reconditioned if they had been treated in our pension hospitals. Now that we are having such difficulty in getting recruits I suggest that it would be worth while to attempt something along that line.

Mr. MACKENZIE (Vancouver Centre): I understand there is reference to that in the report laid on the table. Before that report was made I personally took steps to discuss this question with the three service ministers and to study reconditioning from two angles —in the first place, reconditioning of the men rejected on account of unfitness. That is an important point.

Mr. GREEN: Is that done now?

Mr. MACKENZIE (Vancouver Centre): It is being considered now by an interdepartmental committee.

Mr. GREEN: But no such reconditioning is done now?

Mr. MACKENZIE (Vancouver Centre): Not as far as this department is concerned. I cannot speak for the defence services. Of course, there is reconditioning after discharge, of those who could not be considered as fit to rejoin but must be reestablished in civil life and industry.

Mr. GREEN: I think there has been a tendency in the defence services to get rid of a man once he is not A-1, and the time has now come when that policy can be no longer followed. We must make more use of these men, even though they are not in the first category.

Mr. MACKENZIE (Vancouver Centre): I cannot speak for the policy followed by the services but I am inclined to agree with my hon. friend that as the demands of the war grow more intense we may have to relax some of these stringent rules. In the meantime I have sent the hon. member for Mackenzie an excellent article on social security in New Zealand.

Mrs. CASSELMAN: I would urge that the individual be considered wherever it is possible along the lines just now mentioned, and also that the women and children receive special consideration at times when their cases are exceptional. I believe the women need right now, perhaps more than they ever did, the comfort and encouragement which would come from knowing that the individual is not lost in the mass. Many cases have been brought to my attention already, although I am very new at this; perhaps these people think I might be able to do something just because I am new, or perhaps they are giving me the old cases that have resisted for some time, thinking that a new person might do something with them. But there is probably a tendency to allow no exceptions to the rules. I know we must have rules, but sometimes exceptional circumstances do arise, and circumstances alter cases. I urge that the individual case receive consideration, and in some cases perhaps even favourable consideration.

May I also say how very grateful I am for the warm reception and welcome given to me by the house. I have been welcomed by hon. members on both sides of the house, and I should like to thank them. I should also like to thank hon. members for the regard they have expressed to me for my husband. I feel that I am undertaking this responsibility with his full knowledge and approval. I cannot, however, speak much of that. I should like to think of myself as in no sense an ornament to this house but rather as a useful working member with sufficient elasticity to follow the principle of give and take.

Mr. MACKENZIE (Vancouver Centre): May I be permitted to congratulate the hon. member (Mrs. Casselman) upon the fact that her maiden speech in this house was made for such a splendid humanitarian cause as that to which she referred, the cause of widows and children and those who are confronted with some of the hard conditions of life. I am sure that her contribution to the discussions and decisions of this house in the years to come will be very valuable. May I assure her that this year the power of discretion under the pensions act has been broadened more than ever before, and that in some of the regulations of the department there is a wide power of discretion. So long as I am in charge of the department I shall endeavour to administer these regulations with all the humanity and sympathy possible.

Item agreed to.

215. Health branch. Health branch administration, $49,570.

Mr. NICHOLSON: I have here publication No. 21 of the Department of Pensions and National Health dealing with the question of housing. I should like to draw the attention of the committee to a couple of important sentences:

> Dark, gloomy, insanitary hovels, which submerge the thoughts of their inmates to the level of the beast are not conducive to health or later to good citizenship; moreover, under such conditions sickness and poverty occupy so much energy and thought as to preclude much effort for better things.
>
> The development of good citizens in a country like Canada is of the greatest importance, since the future of the nation depends on the physical, mental and moral health of the young people. Good housing therefore becomes an important means towards that end.

I should like to commend this department for concerning itself with this very important

national problem. I shall not take time to discuss peace-time aspects of it, but would ask the minister whether his department has been used by the newly-organized war-time housing corporation in this particular field of engineering.

Mr. MACKENZIE (Vancouver Centre): Only so far as the author of that pamphlet is on an advisory committee which I believe gives advice and assistance to those in charge of the war-time housing programme.

Mr. NICHOLSON: I understood that the services of this department had not been used by war-time housing. I know there are other engineers in Canada who are quite capable of doing the work which has been done by this department, but I submit that at this time when every individual should be doing necessary work we should not have overlapping, we should not have new engineers assigned to do work that has already been done by this department. I suggest that the minister draw the attention of war-time housing to the fact that he has a department with a staff and with information that should be of value to war-time housing in the work they are undertaking. Would it be considered presumptuous on the part of the minister to do that?

Mr. MACKENZIE (Vancouver Centre): I shall be very glad to draw it to their attention. Our function is purely advisory; when we are called in for consultation. Not only in regard to this particular project but in regard also to munitions projects generally, we advise and send our men there for inspection to see that health conditions are being observed. This feature of the work I believe is functioning very successfully.

Mr. NICHOLSON: But war-time housing are now engaged in housing projects in a number of places in Canada; they should not wait until they are half through before consulting this department.

Mr. MACKENZIE (Vancouver Centre): If they do not come to us we will go to them.

Mr. BLACKMORE: At the outset may I also congratulate the hon. member for Edmonton East (Mrs. Casselman) on the fact that her first speech here was delivered in the interests of the suffering, among whom unfortunately women and children in this country form a large number. We have neglected our health problem in Canada far too much in the past; we are paying a fearful price right now for our neglect, and I am afraid we have only just begun to pay.

[Mr. Nicholson.]

I wish to mention four or five matters which in my opinion should be constantly in the minds of those who are administering our affairs in Ottawa with respect to health. First, I do not believe that the education which our children and people generally receive is adequate to teach them the fundamental principles of health. Of course some may say at once that this is a provincial matter. In Canada virtually all our considerations are affected more or less by the division of responsibilities between the provinces and the dominion. But it must be borne in mind that provincial revenues are definitely limited, and the invasion which is now taking place of the provincial income and corporation tax fields by the dominion will tend to make the matter worse. The result is that if anyone is to take up the slack in the matter of health the dominion government must do it. If, therefore, education for health purposes is not adequate, it must become the concern of this government.

I believe that every year there ought to be a physical examination of every child in our schools at least. I have had a good many years of experience as a teacher and principal in our schools; my life has been largely devoted to the youth of Canada; my heart is drawn to them, and one of the main reasons for my being here is my great interest in the young people growing up in this country. There should be a physical examination every year, if not of those over eighteen years of age certainly of those under eighteen. Obviously many of the parents cannot all provide for such an examination, so that someone must absorb the cost.

I believe there are a great many operations which ought to be performed. The provinces are struggling to take care of this problem; to see that adenoids and tonsils are removed, that tuberculosis is cared for when it develops, that victims of infantile paralysis are reconditioned, and that all serious accidents are looked after. But unquestionably the resources of the provinces are limited.

At the risk of incurring your displeasure, Mr. Chairman, and being called out of order, I should like to refer briefly to the little altercation that developed the other day between myself and the leader of the opposition. The hon. gentleman was insisting that we should see that our contractual obligations were taken care of. I believe that the health of the community, and other similar matters, ought to be taken care of at least to a very great extent, even if as a result we are not able to take care of our contractual obligations. I am not willing to neglect those obligations, but neither am I willing to neglect the sacred

matters concerning human life and human happiness that go to the well being of a nation.

I believe someone will have to look after those who suffer serious accidents, and so on. Suppose a family is in receipt of the war veterans' allowance, and a child is seriously injured so that as a result he may become a cripple for life. How in the world can that family provide the necessary medical care and pay for the operation that may be required? If the province is unable to do it, and the municipality is unable to do it, who will do it? I believe we as a dominion must take such matters into our consideration and see to it that such matters receive the necessary attention.

Many thousands of children throughout this country suffer from lack of adequate dental care. Such dental care costs money; it costs two dollars to have a tooth removed. Tens of thousands of people in this country live on budgets so limited that the loss of two dollars becomes a calamity. The head of the household and the mother simply do not know what to do when they have that extra expense to meet. As a result thousands of our children are going about with bad teeth, with unfilled teeth, losing their teeth, losing their health, simply because there is not some way of absorbing that cost.

Thousands of children suffer from poor eyesight. They need optical care, but they dare not have their eyes examined; they are unable to obtain glasses. Then if, having secured glasses, they break them, the result is tragic. I have seen children twelve or thirteen years of age break-down and cry because their glasses were destroyed and they knew they would be unable to get the money with which to have them repaired, and they could not go to school and do their work without them. Of course all these things are a part of human life, but we are getting to an age now when, living in a country like ours, children should not have to cry and be broken-hearted because they happened to break their glasses.

These are all matters which come under this item, which has to do with the health of Canada. If the provinces are unable to take care of these matters the dominion must be prepared to do so. I do not like to take up too much of the time of the committee, but someone has to say these things. I was glad to hear the remarks of the hon. member for Edmonton East; I shall listen to her in future with great attention when she deals with humanitarian topics in this house.

Then there is the matter of food. I do not believe we are taking enough care in that regard. I have spoken rather severely about these things in this house, and at times I have been accused of being extreme. I am sure if the actual facts were made known my remarks would not be found to be in the least extravagant. It is coming to be recognized more and more that the health and well being, the moral tone, the mental tone and everything else about a human being is determined to a very large extent by the food he eats. I have been making inquiries of some of the good housewives in Ottawa in order to ascertain what they believe would be the cost of adequate food to keep a child in good health. They tell me that they cannot possibly figure out any menu providing the fresh vegetables, fresh fruits and other things required for less than $2 a week per person. For a family of five this means $10 a week for food alone, if the children are to be kept in a healthy condition. I am not going to mention clothing, but certainly money will be required for that purpose. Then there is the question of shelter. Hardly anywhere in Canada to-day can anything like an adequate house be procured for less than $10 a month. Food at $10 a week means $40 a month; if you add $10 for shelter, which does not take into account light, water and fuel, much less the occasional repair of a broken window, you have a total of $50 a month in absolutely unavoidable expenses.

Mr. MACKENZIE (Vancouver Centre): If I may interrupt the hon. member for just a second, I would inform him that a conference on nutrition will take place in Ottawa next week. Four surveys have been made already, in Halifax, Quebec, Toronto and Edmonton, and the conference will meet here to consider a campaign of education with reference to the subject the hon. gentleman now is discussing.

Mr. BLACKMORE: That is very fine; I rejoice to hear that, and I hope when these committees tell the country what has to be done, that it will be done and that we will not be told that there is no money for it.

I was just going on to say that for this family of five the absolutely unavoidable expenses amount to $50 a month. Imagine, if you can, how a family of five can get along on the war veterans' allowance of $40 a month.

An hon. MEMBER: Carried.

Mr. BLACKMORE: Oh, no; it is not carried yet. We still have time to do a good deal of serious thinking. Not very long ago when I condemned the Pension Act, which in a way has to do with war veterans' allowance, I had in mind such conditions as these. We

have placed our people in an impossible position. I know the minister is anxious to do all that can be done; and just to strengthen his hand—because I believe it needs strengthening when he has to deal with some of the other members of the cabinet—I am going to point out that in the United States this year, under the LaFollette-Bulwinkle bill, the federal treasury of the United States is granting $6,500,000 to the states for one item alone. I am not going to mention what that item is, but this amount is being granted in addition to what the states themselves can collect. If Canada should grant as much money, in proportion to population, this year her contribution to our provinces would amount to $650,000—it is at present just nothing. Let hon. members just take a glance at the very modest sum the minister is permitted to spend, and they will recognize that he is handicapped almost to the point of impotence. Surely conditions in Canada are no better than they are in the United States. If the United States needs such a large amount of money, then surely Canada needs at least a proportionate sum.

I should like to revert for a moment or two to the family of five receiving $40 a month, with an unavoidable expenditure of $50. Is it to be an accepted fact by governing people in Canada that such a family can have no amusement at all, that they cannot have twenty cents to go to a picture show once in a while? Are they to have no culture such as singing lessons, music or dancing lessons? Hon. members will see what we are condemning them to.

Having done that I turn my attention to an article which the minister kindly sent to me. A few moments ago I pointed out that Canada is lagging shamefully in the matter of social legislation. I shall give only the headings in this pamphlet, and I believe they will show Canada's deficiency when compared with her small sister dominion of New Zealand. The title of the article is "Social security in New Zealand", and the subheadings are "Universal superannuation" —have we that in Canada? Of course we have not. "Age benefits"—have we age benefits? "Widows' benefits, orphans' benefits, family benefits, invalids' benefits, miners' benefits, unemployment benefits, sickness benefits, emergency benefits." I wish I had time to deal in detail with each of those points, but any hon. member who is interested may find the information at page 200 of this little booklet called "The National Health Review," published in October of 1940, by direction of the minister.

May I close what I have said in more or less rambling fashion with an adjuration to the minister to exert himself to the very maximum to get more and more money in this dominion to be spent for the improvement of health conditions of the people of Canada, in widely varied ways. If he will do that he will greatly increase the productive capacity of the country; he will increase its consumptive capacity. He will make the country very much happier, so that it will be much easier to get men to enlist in the army. Those men will fight much more happily when they realize that while they are in the army their people are being cared for at home, and that they will be cared for if anything should happen. In addition to that, when we collide with the enemy we will be strong and confident.

Mr. MACKENZIE (Vancouver Centre): I thank the hon. member for his very constructive suggestions.

Yesterday the hon. member for Cape Breton South discussed the question of silicosis, and the hon. member for Rosetown-Biggar asked a question respecting fatal accidents in the mining industry. With the consent of the house I should like to place on *Hansard* the information on both these subjects. It is as follows:

Fatal Industrial Accidents in Mining Industry
Canada

Due to	1936	1937	1938	1939	1940
(a) Industrial diseases (predominate—namely, silicosis)	8	14	15	22	29
(b) Dangerous substances (exclusive of silicosis and includes explosions and gassing)	25	29	36	25	21
(c) Grand total	173	198	236	161	160

Information respecting incidence of Silicosis, taken from Annual Reports of Provincial Workmen's Compensation Boards

Nova Scotia:

Act amended in 1940 to include silicosis in coal mining.

3 cases were allowed under the act in 1940.

1 of these proved fatal.

A number of cases are still under observation and are slated for reexamination.

New Brunswick:

Not compensable.

Quebec:

No details included in Quebec reports—1939 or 1940.

Ontario:

Year	Total cases compensated	Number fatal
1936	29	14
1937	21	9
1938	14	6
1939	22	7

Manitoba:

Silicosis not dealt with specifically in 1940 report.

Saskatchewan:

1940—all industrial diseases classed together. One case—not likely silicosis.

Alberta:

No reference to silicosis in 1940 report.

British Columbia:

During 1939—6,000 individuals X-rayed (chest) under requirements of Metalliferous Mines Regulations Act.

113 claims allowed for silicosis from January, 1936, to December, 1938.

"Pathological, clinical and diagnostic aspects of this disease are now well established"—Dr. Leroy U. Gardner, Director of the Saranac Laboratory for the Study of Silicosis.

Present day control of the problem of silicosis can be effectively brought about by provision of adequate ventilating facilities in mines where silica dust is known to occur.

Consequently, control of silicosis is a responsibility of provincial departments of labour, health, and mines, who administer provincial legislation governing this question at the present time.

The control of this problem is to be brought about by the application of existing knowledge rather than by further research work which, in the absence of application, is of little use.

The inhalation of aluminum dust by miners exposed to silica dust for the purpose of preventing silicosis, has by no means proved efficacious as yet. This method of approach to the problem of controlling silicosis implies the substitution of aluminum dusting for control by ventilating equipment. Ventilating equipment is exceedingly expensive—but has been accepted in American mines as a necessary aspect of cost.

Item agreed to.

224. Health branch. Treatment of sick mariners, $206,470.

Mr. HAZEN: This item was before the committee at the last session, and I asked the minister at that time what provision had been made for the dental treatment of mariners. I point out to him I had been informed that no provision had been made for X-rays for seamen suffering from dental trouble, and that in some cases X-rays were necessary. The minister said the matter had not been brought to his attention before, but that he would look into it and inform me. Has he had an opportunity to do so, and if so what arrangements have been made?

Mr. MACKENZIE (Vancouver Centre): I thought I had sent my hon. friend a letter fully outlining the situation. I took immediate action upon his request, and got immediately from the departmental officers the information desired. I was under the impression that I had sent that information to the hon. member. If I have not done so, then I shall do so immediately. Medical provision is made however for whatever medical officers deem it necessary that mariners should receive.

Mr. HAZEN: Perhaps the minister did send a letter; I may have overlooked it.

Mr. MACKENZIE (Vancouver Centre): I shall make inquiry as to that.

Item agreed to.

240. Pensions and other benefits. Pensions payable to men on active service, northwest rebellion 1885, and general pensions, $18,000.

Mr. MacNICOL: My question may not be pertinent to the item, but I shall ask it before all the items have passed. Last session the minister intimated that a grant would be placed in the estimates for the dental association. I do not see it.

Mr. MACKENZIE (Vancouver Centre): I was once again unsuccessful.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

126. Mines and geology branch. Mineral resources investigations, $394,350.

Mr. MacNICOL: What progress is the department making in investigating the production of magnesium metal from dolomite? Ontario is the province in which probably the greatest deposits of the source of magnesium metal are to be found. As the minister probably knows it is a metal lighter than aluminium being only two-thirds of the weight, but has the same tensile strength. While aluminium requires 8 per cent of magnesium metal to give it rigidity, magnesium metal requires 8 per cent of aluminium to eliminate the possibility of fire or explosion from the magnesium metal.

I would expect that at the next session detailed information would be given with respect to the production of magnesium metal in Canada. Recently and for some time past a famous engineer in Hamilton has produced a method of extracting magnesium metal from dolomite. In the area from Niagara falls to lake Huron there are billions of tons of dolomite or limestone ore from which the metal comes. What is the department doing to bring about the production of magnesium metal in Canada?

Hon. T. A. CRERAR (Minister of Mines and Resources): The possibilities of these metals are constantly under study by the mines bureau of the department. I am not able at the moment to say just what progress has been made in the process to which my hon. friend alludes, but the question is under continuous consideration. I am just informed that the Aluminum Company of Canada is building a plant up the Gatineau river for the production of magnesium and that tests are being carried on in the laboratory of the mines branch in respect to several deposits to ascertain their quality and possibilities. This is being done at the request of private interests.

Mr. MacNICOL: Has the department been cooperating with the inventors in Hamilton who are now producing the metal?

Mr. CRERAR: We have been cooperating with them.

Item agreed to.

131. Mines and geology branch. Drafting and map reproduction, $122,865.

Mr. HAZEN: What is the explanation of the increase of $10,462 in this item?

Mr. BLACKMORE: I should like to ask the minister something about the iron resources of Canada, and perhaps it may not be considered out of order on this item. Have we plenty of iron in Canada to meet our requirements if all deposits were fully developed? I have heard that there are great deposits in Canada which have not been developed for one reason or another, probably because they would cost too much.

Mr. CRERAR: There is quite a considerable body of low grade ore now being developed and worked in the Michipicoten area of western Ontario, and in the last few years there was an important discovery of high grade hematite ore 130 or 140 miles west of Port Arthur. While the exploratory work to delimit the extent of this ore body has not been completed, it has gone far enough to indicate that there is a substantial tonnage of this quality ore. This ore is similar in quality to the ore obtained in the famous Mesaba range near Duluth. There are deposits of low grade ore in British Columbia and also some higher grade on Belcher island in Hudson bay, but until recently practically all our iron ore was secured from the United States or Newfoundland. The ore from Newfoundland is used at Sydney and other points in Nova Scotia.

Mr. BLACKMORE: Not very long ago I read in a miner's paper that there was a great range of iron ore in Labrador.

Mr. CRERAR: The surface indications are that there may be deposits of iron ore in Labrador, but they are three hundred miles from any transportation system. At the moment these deposits certainly are not an economic possibility for development, whatever they may be in the future.

Mr. BLACKMORE: Are we in position to develop our own iron ore deposits to the point where we would have a chance of matching Hitler?

Mr. MacNICOL: One of the mines the minister refers to is the Steep Rock mine, a specimen of the ore from which I hold in my hand. It is equal to that produced on the Mesaba range on the United States side of the line. The other mine referred to is the new Helen mountain mine in Algoma where a low grade ore is produced. They are now taking out about 4,000 tons a day, from which after sintering and purification they are able to produce about 2,000 tons of pig iron a day. This reflects great credit upon those who have helped to expedite the production of iron ore in Algoma.

Mr. BLACKMORE: Will the minister say that there is plenty of iron ore in Canada, that it is just a matter of development?

Mr. CRERAR: I should like very much to give my hon. friend the assurance he desires, but I can add nothing to what I stated a moment ago. Production of iron is a problem which depends not only upon the presence of iron ore but upon the means of converting the ore into iron. That is why these developments are usually found where coal and other minerals are in close proximity. There is probably a very large quantity of high grade ore 130 or 140 miles from Port Arthur, but there is no smelting coal within a thousand miles and consequently a problem is created in the development of this resource. To a lesser degree, the same thing can be said about the ore being taken out of the Algoma district,

about which the hon. member for Davenport (Mr. MacNicol) gave us some useful information.

The mineral possibilities of Canada, not only with regard to iron but with regard to other metals, is perhaps little more than scratched, if I may use that term. There was a time about forty years ago when it was thought that the precambrian shield contained no minerals, but we now know that we may reasonably expect to find minerals in this belt all the way from Labrador, around the southern end of Hudson bay and up to Great Bear lake in the Arctic region. Here and there mines are now operating profitably, not only in connection with the precious metals, gold and silver, but also in connection with the commercial metals such as nickel, copper and zinc. He would be a bold man indeed who would attempt to place any limit upon the possibilities of mineral development in this country.

Mr. BLACKMORE: Do we lack in Canada any of the metals essential to the manufacture of aeroplanes, tanks and motor cars?

Mr. CRERAR: I think we have them all, with the possible exception of chromium. We have zinc, copper, nickel, and we are now producing iron.

Mr. BLACKMORE: Is tin required in the construction of these armaments?

Mr. CRERAR: We have a little tin, not very much. Tin, I understand, does not enter extensively into the manufacture of automobiles and guns. It is a useful commodity in certain places, but not necessarily there.

Mr. MacNICOL: The minister mentioned chromium. We are producing chromium in northwestern Ontario, in the vicinity of a town the name of which has escaped my mind; I believe it is Collins. Is the mine not still in operation?

Mr. CRERAR: It is quite true that we have, I believe at the Soo, a chromium reduction plant.

Mr. MacNICOL: But the ore comes from northwestern Ontario?

Mr. CRERAR: I am informed that most of it now comes from outside Canada.

Mr. MacNICOL: A few years ago the government granted facilities—

Mr. CRERAR: Quite true.

Mr. MacNICOL: —to construct a road into Collins, I believe it was, in northwestern Ontario. Perhaps the chromium mine has not developed as it was anticipated it would.

Mr. CRERAR: That is quite true. As I recall, $8,000 or $10,000 was spent on getting a road into a deposit somewhere north of Port Arthur, I believe.

Mr. MacNICOL: Yes. Northwest.

Mr. CRERAR: But the deposit did not prove to be a very large one. While considerable ore was taken to the Soo, the plant there, I am informed, depends now very largely, if not altogether, upon sources of supply outside Canada.

Mr. BLACKMORE: Just before we conclude, I believe the hon. member for Davenport held up, for the committee to see, a piece of iron ore. He sent me a little note which I think is good enough to put on *Hansard*. It is this:

Sample of hematite ore from Steep Rock mines, northwestern Ontario; 65 per cent of iron and millions of tons in sight.

I wish to make just a short comment which seems to me valuable. The minister will have heard many times the statement, uttered and reiterated by leaders of thought to-day, that the things which matter in our war effort are materials and men. Where a thing is physically possible it can be made financially possible, and when he points out that the iron ore deposits are a thousand miles away from coal, it is well that we realize in this committee at this present time that, if the coal is there, if the iron deposits can be made accessible to the railroads, then the coal can be transported to the iron deposits and the iron can be made. If the government of the day neglects to take cognizance of that fact, and as a result, through lack of iron, Britain should be in danger of losing the war, the government of the day will never be forgiven—not in centuries to come.

Item agreed to.

159. **Indian affairs branch. Branch administration, $54,800.**

Mr. MacNICOL: What I have to say will relate to the items from 159 to 168. I shall be brief; I want, as much as anybody else, to see the end of this part of the session.

The CHAIRMAN: Shall we take together items 159 to 168?

Mr. MacNICOL: They all pertain to Indians.

The CHAIRMAN: Is it the pleasure of the committee that we shall take these items together?

Some hon. MEMBERS: Agreed.

160. **Indian agencies, $654,893.**
161. **Administration, $40,365.**

Medical.

162. Indian hospitals and general care of Indians, $1,442,217.

163. Grants to hospitals, $4,320.

Welfare and training.

164. Welfare of Indians, $967,374.

165. Indian education, $500,616.

166. Grants to residential schools, $1,398,944.

167. Grants to agricultural exhibitions and Indian fairs, as detailed in the estimates, $6,870.

168. Grant to provide for additional services to Indians of British Columbia, $100,000.

Mr. MacNICOL: During the last few years it has been my pleasure to call at quite a number of Indian reservations. On every occasion I made the best inquiry I could into the administration of Indian affairs, to learn what could be done to improve the lot of the Indians from the educational, health and vocational points of view. More and more I am impressed with two phrases which we have had with us for a long time, namely, "lo, the poor Indian!" and, "the noble red man." I have had the pleasure of travelling with Indian guides on many occasions for many days at a time. I cannot now, in the moment or two I am going to take, say all I should like to say about Indian administration. I can say this, that I heard in numerous places that since Doctor McGill became the head of the branch there has been a considerable improvement in the administration; and for that I am glad.

As I travel round I can see that there is yet a great opportunity to do better for our Indian wards, to make their lot in life better than it is. I am afraid that many reserves are so remote that they are not investigated as often as they should be. It takes time to visit them. I engaged a small diesel-driven boat, with guides, an engineer, and a wheelsman, at considerable expense, to take me to visit certain reservations on a northwest Ontario lake. I do not think I need mention the reserves or the lakes, but I shall relate one or two examples of what I found.

First, as to the habitations. We vote large sums of money for Indian administration, and as a white man I am shocked and ashamed at what I have seen of the housing conditions of Indians on certain reserves. If we were not supposed to assist them and develop their manner of life, it would be a different matter, but that is the obligation of the white man. He has, to a very large extent, taken their lands away from them. He has given them reserves, and he undertakes to direct them and look after them. There is a great opportunity to improve their lot.

I should like to have a parliamentary committee set up, say at the next session. I make no reflection on the department, which probably is doing all that has been done before, and, as I said a few moments ago, is improving on it. But I think we should have a committee, with power to call witnesses, including Indian agents and the occasional chief, not with the intention of finding fault or criticizing, but with the sole desire of improving the lot of the Indians.

[The Chairman.]

I have visited a number of reserves in the United States, and I find that both federal and state governments have done a great deal for the Indians. They have gone so far that they are now discussing giving them representation in the legislatures. For a long time the Maoris of New Zealand have had representation in the legislature of that dominion, and the south African government has now provided representation for its coloured people. Perhaps it would be a good thing if we had someone—how he would be elected or selected I do not know—to represent in this house our Indian people and be a spokesman on their behalf.

I recall one of dozens of habitations which I visited in northern Ontario. Upon measuring it, I found that it was twelve feet by fifteen feet. There were twelve Indian folks living in that house, and only two bunks. Therefore, undoubtedly some of them had to sleep on the floor. In many places one could see out through the roof. The smoke pipe where it went through the roof had no tin round it to prevent fires.

The Indians are our wards and we should take proper care of them. I am interested in the welfare of the noble red man—and he is a noble man, from what I have seen of him, even though some are not quite what we should like them to be. For that matter, however, I suppose they are no worse than many of our own people. Some years ago an estimate about a hospital on a reservation was going through the house, and we were told that the hospital on the reservation had cost $7,000. I went to see it and I found it was not a hospital at all. At the time I called, it was filled with hay and the walls were bursting from the pressure of the hay on every side. Indian money had likely been used to build that so-called hospital and it was not completed.

Mr. CRERAR: Where was that?

Mr. MacNICOL: On lake Nipigon, Gull river reservation. I did not intend to mention any reservation. I find that the cost of medical services, hospital and drugs, is excessive for the Indians, when one takes into consideration the number of Indians there are and the cost on the reservation I have in mind. I have here the facts with regard to a certain agency, and I find that medical expenses and expenses for hospital,

doctor, dentist and so forth for 1,724 Indians amounted to $17,240, or $10 each. On another occasion I asked the minister about gardens and the raising of poultry by the Indians for their own use. In one reservation I visited there were two tractors, and they were cultivating from ten to fifteen acres. One tractor was afterwards moved to operate a small sawmill and another was placed in an outshed. Cultivation becomes expensive under such conditions, especially when one considers that they raised 1,000 bushels of potatoes of which they used only 200 bushels, sold 200 bushels and allowed 600 bushels to rot.

I suggest that the situation with regard to launches should be investigated. If a launch cost $1,500 and it is found that it already has had approximately $7,000 of repairs put on it, there is something to be looked into. I am not blaming anyone. Perhaps it was left outside during the winter, the same as was done in connection with a sawmill, with its belts and wheels, and tractors, with no covering, except a board roof but without sides. That is expensive.

However, I will close my remarks, although I should like to have said a good deal more on behalf of the noble red man. His fish are being killed through pulpwood operations; the streams and lakes being poisoned so that one can find dead fish strewn on top of the water. There seems to be no one delegated to defend the Indian. The department in Ottawa is hundreds of miles away from the remote reservations and cannot possibly know what is going on. If we had a parliamentary committee with power to look into the whole question thoroughly, then I think many things that are not as they should be in our Indian administration would be remedied. They are not attributable to anyone and I hope no one in the department will take offence but there is room for improvement.

Mr. CRERAR: Substantial progress is being made in administration.

Mr. MacNICOL: I said so.

Mr. CRERAR: The Indians are scattered over Canada from the Atlantic to the Pacific, there being a total Indian population of 118,000 or 119,000. Their welfare and their health are the constant study of the officials of the department, and while in many instances the progress which has been made has not been such as we should like to have seen, I can assure the committee that considerable advance has been made. Take, for example the matter of health. In 1936, for the first time, we tackled the problem of tuberculosis among the Indians, and we have made considerable progress since then in eradicating this disease so far as the Indian is concerned. That is of importance not only for the welfare of the Indian but from the point of view of the white population as well.

Another thing I would mention is the effort that has been made in the last four or five years towards the restoration of fur in the northern parts of the provinces. One-third of the Indians live in the northern parts of the provinces or in the Northwest Territories, and their only means of livelihood is their fur catch. By wasteful methods it has become depleted, and it may be of interest to the committee to give some of the results of what has been attempted in restoration in this direction. In the northern part of Manitoba there are over 5,000 Indians and their livelihood had practically gone. In one particular area, sixty or seventy miles east of the Pas—

Mr. MacNICOL: I have been there.

Mr. CRERAR: —there used to be at one time a large production of muskrats, but it had declined to the point where in 1935 fewer than 2,000 muskrats were taken off that area. I approached the provincial government in 1936 and offered to pay half the expense of rehabilitating that area, and the province was interested from the point of view of the half-breeds. We were interested from the point of view of the Indians. Works were carried on at a total cost, including supervision and everything else, of around $130,000 over a period of two years. The area was opened up for trapping in 1940, and in that year the amount of fur taken off the area was valued at about $162,000.

Mr. MacNICOL: To the Indians?

Mr. CRERAR: No, to the half-breeds and the Indians. The share of the Indians was $35,000. About 100 families of Indians were provided for at $20 a month the year round. A few months ago the trapping season for this area was opened, and the total catch for this season was about 200,000 pelts. The revenue from it was $350,000.

Mr. MacNICOL: How much will go to the Indians?

Mr. CRERAR: There were 700 trappers of whom 180 were Indians. Of these, 155 will receive about $300 each, and twenty five head trappers will receive about $380 each. That is not paid out to the Indians when the fur is sold. It is placed in a trust account and each Indian trapper is paid so much a month. We have taken several hundred Indian families in that region off relief in the last two years. Some investigations are going on in Ontario, and there are other areas in Manitoba that are being

developed. In Quebec we have had the full cooperation of not only the present Quebec government but the government that preceded it. We have had set aside two large areas for the restoration of beaver. At the southern end of James bay we have about 1,000 Indians.

Mr. MacNICOL: That is on the Ontario side?

Mr. CRERAR: On the Quebec side.

Mr. MacNICOL: There are about 1,000 on the Ontario side.

Mr. CRERAR: It is east of James bay. We have secured there over ten thousand square miles, and we are developing a similar area north of the lake St. John country. Development work is being carried on in northern Saskatchewan, northern Alberta and the Northwest Territories. I can say with some confidence that if these policies are wisely and sanely followed, we shall take that population of Indians who have been dependent for their livelihood upon fur in the past practically off relief within ten years, probably within seven or eight years. That is a bit of work that I think is constructive and well worth while. Then we are endeavouring to develop the reserves that have agricultural possibilities so that the Indians will have live stock and meat and cereals for their support.

There is no problem to-day that offers a greater challenge to the Canadian people than the Indian problem. I think there are definite possibilities of solving them. My hon. friend suggested that the whole Indian problem might be a matter of review by a special committee. I shall be glad to take his suggestion under consideration. In fact we have at present under review the whole Indian Act, which stands almost in its entirety as it was passed sixty or seventy years ago. If we come to a consideration of the revision of the act, these other matters to which my hon. friend has referred might be examined into at the same time.

Mr. BLACKMORE: I should like to commend the minister for the laudable work he has done. I have no use for carping criticism which overlooks the fine things that have been done.

I have noticed the hospitals that have been established for Indians. These hospitals are highly commendable and are increasing the numbers of the Indians and adding to their happiness.

But with the many commendable things I wish to point out two or three matters that also should be borne in mind. We should not dream too much of great things to do by and by but should get under way what we are going to do. The Indians are suffering seriously from certain ills which are developing among us and which we are treating with a measure of indulgence. I refer to such as marketing difficulties. If the white man finds it difficult to understand why we cannot produce and sell wheat, let hon. members imagine how the Indian feels when, after having learned to produce wheat, he finds he cannot sell it or the price is so low that he cannot make a profit. I have in my constituency one of those reserves on which farming has been developed. I have known Indians who were successful stock raisers to be reduced to despair simply because they could not sell to advantage. The government must be particularly careful and give special attention to the Indians' problems while we are going through these trying times. I have talked with Indians from the reservation in my constituency who were bewildered by the unemployment problem. They have learned to harvest sugar beets, to pick up potatoes, and built themselves up so they could get along fairly well; they had teams and bundle racks to go into the grain fields and supplement their income, and then when troubles came in 1929 and following years, they could not get that work and income upon which they had been dependent. This condition applies all over Canada and is causing great trouble.

I would point out that, if I am correctly informed—and I have information from dependable sources—there is developing among the Indians in Canada a bitterness which is really dangerous, notwithstanding all the good things the minister is doing. I point this out so that the minister may be a little more indulgent than he has been.

Mr. NICHOLSON: I was out of the chamber for a few minutes and did not hear the first remarks of the minister. Did he say anything about the tuberculosis problem?

Mr. MacNICOL: Yes; it is gradually improving.

Mr. NICHOLSON: I am glad to hear that, because my information was that the problem was not being adequately handled. The department did not have sufficient money to cope with it. Is there anything further the minister might say?

Mr. CRERAR: Nothing was done especially with regard to the tuberculosis problem

among Indians until 1936. At that time a survey was carried on in many of the Indian schools and revealed deplorable conditions. The vote was increased last year. It was $300,000, and this year it is a little more. I can assure my hon. friend that the matter is receiving attention and that progress is being made.

Items 159 to 168 inclusive agreed to.

Immigration branch.

169. Administration of the Immigration Act and the Chinese Immigration Act, $164,030.

170. Field and inspectional service, Canada, $1,127,515.

171. Field and inspectional service, abroad, $103,630.

172. Relief of distressed Canadians, outside Canada, $10,000.

Mr. MacNICOL: As the sole representative of the Conservative party present, I might take a minute or two to speak of immigration, particularly in connection with one race. I am sure the heart of every hon. member has been touched by the terrible trials through which the Hebrew race has been going ever since the war broke out. The great mass of them that are still left in Europe will suffer as they have all through the ages. It is not for that mass that I speak at the moment because nothing I could say could help them.

The CHAIRMAN: The hon. gentleman is making general remarks. Does he wish to take items 169, 170, 171 and 172 together? Is that the pleasure of the committee?

Some hon. MEMBERS: Agreed.

Mr. MacNICOL: I speak for a few cases that came under my observation lately which have touched me very deeply. I have in mind a man who before the war is said to have been worth millions of dollars, a resident of Poland, owner of many large plants, who lived in a fine palace. Like other Hebrew residents of Poland, since the war broke out he has been despoiled. He fled first to Lithuania; after being subjected to all kinds of pilfering by agents of one kind and another, he at last succeeded in getting to Russia and, after being again pilfered there, he got to Japan and, I believe, is now in Japan. A friend of his came to see me, and I told him there was little I could do. But it brought to my mind the dreadful horrors which a large portion of a race that has contributed so much to this world is now enduring. I have in mind a mother who fled from Poland to France, then to Spain, then to Brazil; she has one daughter and two sons in Toronto, but it has been impossible for the sons and daughter to obtain permission for the mother to come to Toronto. I mention these cases merely in the hope that the department may view with the greatest compassion the plight of some of these people who are asking to be permitted to come into this country. I can say for the Hebrew people of Toronto that they have contributed materially towards building up that city, from every point of view that may be considered.

Mr. COLDWELL: I agree with the remarks just made by the hon. member for Davenport. It is regrettable that people so far forget themselves as to vilify a whole race on account of the misdeeds of some of its members. After all, we have only to look among our own people to find many who are no credit to us.

I hope the immigration department will give heed to some of the representations that have been made on behalf of refugees. I know there is pressure from both sides, from those who wish to admit and those who wish to keep out, but as a Christian country I believe we ought to be practical in the application of our ideals and do what we can to assist those who have suffered in a cause for which we are at war. I noticed that in the British House of Commons the other day Miss Rathbone asked a question of Mr. Herbert Morrison with regard to the people who were picked up in a panic a year ago last summer and sent to Canada, asking if they were to be regarded as enemy aliens. Mr. Morrison replied by saying he was convinced that a large number of people had been picked up who ought not to have been, but that in the difficult situation in which they found themselves this was considered necessary in order to protect the country.

Many of those people came to Canada, and I know, as other hon. members do, that some steps have been taken in connection with them. We of the defence of Canada regulations committee had the privilege of hearing Mr. Patterson, his majesty's commissioner of prisons, who was here investigating these cases. I believe that about eight of these people, some of them boys, have been admitted to Canada in order to continue their education, and a large number can obtain permission to enter the United States provided they do not enter directly from an internment camp in this country. I hope it may be possible for this government to enter into some arrangement with the British authorities so that at least those who can get visas for entry into the United States if they are permitted a short residence in this country outside the internment camps, may be given permission to establish such residence in order that they

may enter that country. As Mr. Morrison made clear to the British House of Commons, among these people are many who have suffered more than any others have suffered under the heel of fascism and nazism. They are much more the enemy of Hitler than even the bitterest of our own people could be, and there is no doubt as to their loyalty to the allied cause.

In closing, I would add that I know, of those who have been returned to England, some hundreds are to-day serving in the army or doing other essential war work as chemists, scientists, technical men and so forth. A few days ago there came to my desk a letter from a man who was allowed to enter this country, I think some two or three years ago, a German who had fled from Germany to Austria, thence to Czechoslovakia, thence to Switzerland, thence to Belgium, thence to England and finally to Canada. To-day that man is in his majesty's uniform and is urging all his compatriots who have likewise suffered, or who have made their homes in Canada, to follow his example and defend the cause of democracy. Therefore I do not think our people should get the idea that all those who knock at our gates, or any large proportion of them, are enemies in disguise. No doubt there are some blacksheep among them, but I believe that in the main those who have represented themselves to be refugees are genuinely fleeing from the terrors of nazism and fascism.

Mr. JOHNSTON (Bow River): I notice that item 172 provides $10,000 for the relief of distressed Canadians outside Canada. In view of the fact that we have so many distressed Canadians in Canada who need relief and cannot get it, would the minister explain this item? What qualifications would these people require to have in order to obtain this assistance?

Mr. CRERAR: This is a small vote required in many cases to bring Canadians back to Canada from enemy countries. A country such as Roumania, for instance, may be threatened with German invasion. Before the invasion actually occurs, a Canadian resident may go, say, to Greece, where he will be stranded. This fund is designed to meet cases of that kind, distress arising through no fault of the individual concerned.

Mr. JOHNSTON (Bow River): No one permanently residing outside Canada could get any of this assistance?

Mr. CRERAR: No.

Items 169 to 172 inclusive agreed to.

Coal subsidies and subventions.

173. **Dominion fuel board administration and investigation, $27,415.**

[Mr. Coldwell.]

174. **Payments in connection with the movements of coal under conditions prescribed by the governor in council, $4,500,000.**

The ACTING CHAIRMAN (Mr. Ross, Moose Jaw): These two items both deal with coal, and perhaps we might take them together.

Some hon. MEMBERS: Agreed.

Mr. JOHNSTON (Bow River): I have purposely refrained from taking part in the discussions of the last few days in order that the house might make rapid progress with its business, and in order that when we came to this question of coal the Chairman would understand that I have not held up the business of the house at all within the last week or so. I believe the coal situation in Canada needs a thorough going over. We all realize that the coal industry is going to play a vital part in our war effort, and I think this matter should be given a great deal of consideration at this time even though we are in a hurry to get through.

I represent a constituency which has suffered perhaps more by reason of conditions prevailing in the coal industry than any other constituency in Canada. Even to-day in the city of Drumheller there are hundreds of miners unemployed. I should like to read part of a resolution which I have received from the miners' union of sub-districts 1 and 2, district 18 of the United Mine Workers of America. It states:

> That this meeting protest strongly against continued importations of United States coal and that we demand that steps be taken immediately to provide additional markets for Canadian-mined coal, so as to conserve Canadian exchange during war time, and to eliminate the necessity of Canadian miners applying for relief. In the meantime, until these markets are made available, we demand the dominion government bear its fair share of necessary relief.

The government of the day should be ashamed to see qualified miners having to bring up at this time the question of relief. As I understand the minister, in the coming year there is going to be a great shortage of fuel. He is now going to appeal to these miners. He is going to appeal to their patriotism, and from various other angles, so that they will get busy and produce coal. That is exactly what those men have been wanting to do for the last three or four years. They at least had the foresight to see that the time was coming when their services would be required. Apparently, however, the government has not taken that attitude. It has not had the vision to see that that time was coming, and coming very fast.

In a report tabled in the House of Commons on June 12, 1940, I find set out the value of output of Canadian coal mines from 1929 to 1939, and these figures show a steady decrease. In 1929 the value was a little over $63,000,000, but by 1939 it had gone down to about $48,000,000. There was a gradual decrease in those ten years, showing that the value of coal mined in Canada was decreasing, and the inference is that the miners were having less work all that time. In the very same report we find figures as to importations of coal entered for consumption in Canada in the same years. Between 1929 and 1939 the values of United States importations decreased from $50,000,000 to $27,000,000. But then, after 1939, there is a jump to almost $49,000,000. The amount was almost doubled. Yet at that time of increased importation we received a resolution from these miners, in one of the greatest mining districts of Canada, complaining that they are on relief. The Minister of Trade and Commerce is in the committee, he is from Alberta, and he knows that what I say is true. No doubt it is also true of mining districts in Nova Scotia.

Nevertheless we have double the importations of coal from the United States. I say that was not necessary. The minister may reply that we have to keep up our end of the agreement with the United States. But when we think of the tremendous amount of trade taking place between the United States and Canada, and the tremendous amounts we are buying from that country, we must conclude that in view of the trade the United States is getting from Canada, that would be a poor argument. To-day they are doing more business with us than they ever did before.

Here is an essential industry: coal mining. The government have gone so far as to put the industry under the National Resources Mobilization Act. They are going to make it an offence for miners to go on strike. Yet these miners are appealing to the government to give them work. All this time, when they have been begging the government to make a thorough survey of the coal situation, so as to make it possible for the miners to stay in those districts, the government have been overlooking the industry. The result is that more than double the amount of importations are coming from the United States. In the last four months of 1940 close to $10,000,000 worth of coal was imported from that country.

The same report shows that importations from other countries between 1929 and 1939 ranged from $5,500,000 to $8,000,000. It is clear, therefore, that importations from countries other than those of the north American continent have increased in those ten years. I can see no good reason for that. Of course there were plenty of ships available in those years. Then, from 1939 to this date the importations have dropped off materially, no doubt due to the hazards of ocean transportation. Instead of using our own coal mines to produce that difference in supply, after the war broke out, we adopted other means. Did the government have foresight enough to see that the time was coming when it would have to demand that Canadian miners should do everything possible to produce more coal? No; they just sat back, idly.

When war broke out and the importations of coal from across the ocean dropped off, the only increases in importations or supplies have been from the United States. That, in itself, certainly does not look good to the coal miner. There are many people in Canada who are materially interested in the coming situation. I hold in my hand an excerpt from the *National Home Monthly*. It is headed "Patriotism and Coal," and in part reads as follows:

> What are we thinking of, if we continue this wastage at such a time as the present? It was bad enough in relatively quiet years to send so much money out of Canada, for a benefit in great measure illusory; it meant that we had to provide a livelihood in idleness for large bodies of miners who, but for our habit of thus buying abroad, would have been sustaining themselves by their own labour. But it is many times worse now, when there is so much that we cannot produce at home to meet our war needs, so much for which we are bound to draw upon the United States manufacturer, and for which we must pay in such American dollars as are obtainable only at high discount in exchange for our own. We cannot too soon bethink ourselves of how to maintain a tolerable balance of trade, and each practicable reduction of imports makes the task easier. Coal is our most obvious product on which to become, as the Germans in their four-year plan say, "self-sufficient".
>
> To learn from a resourceful enemy is a valuable practice, especially during war.

The article would show that the question is being widely discussed, and that others have seen the practicability of the suggestion I make. I believe the government would be well advised to look into the feasibility of producing by-products of coal. I have in mind particularly fuel oil, which can be successfully and commercially produced from coal. That is not illusory by any means, because in Germany it has been done for years, and they are doing it now.

These are matters of particular importance, especially when we read in the press articles such as that which appeared in the Ottawa *Journal* of June 13, 1941, under the heading: "U.S. to build world's biggest oil pipeline." We find this expression in the text of the

article: "The United States government's answer to the threat of an east coast petroleum shortage."

Over a year ago I pointed out to this government the grave situation which might develop with regard to oil. I stated at that time it was definitely possible that the British oil supplies in Iraq and Iran might be lost to us. I can well recall some hon. members interrupting and saying that I was a great pessimist, that I should not be predicting such things. I should like to see the hon. member who would say that to-day. At that time I pointed out the necessity of developing the oil fields in Alberta and at the same time making plans to produce oil from coal. Had we had that foresight we would not be in the position we are to-day. Here is an article in the paper entitled:

Cut in use of oil products near in Canada. Very threatening situation being faced by oil controller, supply minister tells manufacturers.

What are we doing about it? What is going to happen if we delay the process very long? It is obvious that the minister is going to run up against great difficulty when he asks for increased production of coal in the next year. As the resolution, which I read a moment ago, points out, these men have been living on relief, but they are not going to continue to do so very long. They are going to look to other fields of endeavour for work. There is a shortage of labour in many industries in Canada. These men spend their lives equipping themselves to become miners and they are now being forced to find other work. Some are even joining the army. While it may be necessary to have some miners in the army, it should be clearly understood that once they are in the army they are taken away from coal mining. When the minister comes within the year and asks for an increased production of coal, where will he get the miners? He will be forced to reply, "Well we should like to have more coal produced, but we have no miners." That is the condition which is coming and coming fast, unless some provision is made at this time to see that these mines are put into production, and that more Canadian coal is used in Canada so that the miners may be kept fully occupied.

It would help our economy if, when we returned in the fall, a committee of this house were set up to investigate this matter and suggest a national coal policy. There will never be a time when the public could be more easily influenced to use Canadian coal. They are going to have to do so in any event. I realize that the minister faces some difficulty in bringing this about in those communities situated on water because coal can be brought in from the United States by water transportation much more cheaply than it can be brought from western Canada. There are, however, other places which should be using Canadian coal. The minister will say that we cannot increase the subsidy, but I think that argument is not at all well founded when we are considering a national coal policy. I believe it would be well worth while to increase the subsidy another fifty cents or even another dollar a ton. This would give more employment to our railways and would assist in getting rid of their terrible deficits.

There is, however, another way in which the production of coal could be increased, a way which has been brought to the minister's attention and with which he is quite conversant; this is something that could be carried on between now and the time parliament reassembles. Every effort should be made to increase the consumption of Canadian coal in those places in which it is now being used. Quite a few districts in central Canada, Ottawa being one, now use Alberta and Nova Scotia coal, and the district north of the great lakes, round Sudbury, could use much more of this coal. A proper advertising campaign should be carried on to induce the people to use more Canadian coal. A great deal of misinformation has been sent out about this coal, and if the people were properly informed as to its advantages I think we could almost double the consumption.

The minister will probably reply that such an advertising campaign would not come under his department. When the estimates of the Minister of Transport were being considered he was asked about advertising coal products, and he said that that did not come under his department, that it would be a matter for the Department of Mines and Resources. We are now considering the estimates of the latter department, and perhaps the minister can give us an answer. I do not care what department should deal with this matter; the point is that it should be dealt with. I think everyone will agree that such a campaign would increase the consumption of Canadian coal in those areas in which it is already being used. The estimated cost of such a campaign is $10,000, but that is a small amount to spend to bring about this increased consumption.

The minister will have a great deal of difficulty in getting the necessary men to increase this production, and something had better be done immediately. He will be appealing to these miners to come back to their jobs when they may not be in a position

to do so. A miner cannot be trained overnight; there are certain qualifications which he must have. If these men leave the mines, the minister will have considerable difficulty in finding others competent to take their places. I do not wish to hold up the committee any longer, but I hope the minister takes this whole situation in hand at once and decides to do something in the form of an interim programme until such time as the house reconvenes in the fall and proper preparations can be made to formulate a definite national coal policy.

Mr. GILLIS: Mr. Chairman, I realize that everyone is anxiously awaiting the end of this part of the session, and that there is a definite arrangement to close up at three o'clock. I am going to be as brief and as explicit as possible. I agree with the hon. member for Bow River (Mr. Johnston) that it is absolutely necessary at this time to bring to the attention of the government the necessity of doing something with respect to the coal industry. At the present time there is chaos in this industry from coast to coast. While I believe the idea of subventions was good, they are absolutely inadequate to take care of the situation. That is not merely my opinion; it is borne out by facts. We see the same condition from coast to coast; it is developing into a serious situation. This press dispatch appeared in the Ottawa *Journal* of June 8:

> Domestic and industrial consumers Wednesday were advised by the wartime prices and trade board to order next winter's fuel supplies now.

According to sessional paper 175B, tabled in answer to a question by the hon. member for Rosetown-Biggar, the government spent by way of subventions in 1940, $4,315,589.83 to move 3,008,290 tons of coal. If the government supposes that that policy as carried out for the past several years is going to solve Canada's coal problem, all it has to do is to make an examination of the industry from coast to coast and it will find that we are drifting into a mess from which, if continued for any length of time, we may not be able to extricate ourselves.

Referring to the comparative figures with respect to the importations of United States coal, I find that whereas in the first nine months of 1939 we imported 7,658,255 tons, for the corresponding period of 1940 we imported 12,569,565 tons. While the government spent nearly four and a half million dollars last year on subventions, imports from the United States have practically doubled. And what has happened meanwhile in our own industry? On the west coast we find, according to a newspaper item of May 15, that more than 400 Cumberland, British Columbia, miners, members of No. 7293 local of the United Mine Workers, and their wives met last Saturday morning to discuss the serious economic situation which has developed. In that area they are working three days a week, seeking relief, holding mass demonstrations, trying to impress on their provincial government the necessity of relief. We heard the hon. member for Bow River describe the position of the industry in Alberta, where mines are actually closed.

Turning to Nova Scotia, the same situation prevails. Mines are closing at the present time. I drew the attention of the house three months ago to the closing of a mine in Cumberland county at River Hibbert, throwing 115 men out of employment. I took occasion to mention the contribution which these people were making to war industry. The minister of mines and resources for our province was quite indignant that I mentioned the matter here, asserting that the provincial government had a cure for the situation. That was three months ago. The day before yesterday I received a letter from that section reporting that those 115 men are still totally unemployed, and they asked me to bring the matter up here to see whether something could not be done. In Inverness county, at the other end of the province, we find that orders for coal for use on the Canadian National railway have diminished to a point where one hundred men are threatened with unemployment. As I have said, there is chaos in the industry from coast to coast.

I do not understand why concurrently the imports of coal from the United States have doubled. It does not make sense. From coast to coast in Canada we are closing mines; miners are demanding relief. Yet the fuel board, the government agency set up for the purpose of finding a solution of the problems of the coal industry, is advising the Canadian people that there may be a coal shortage. The facts speak for themselves. No effort is made by the government to deal with this difficulty in a practical way with the help of people who understand the situation and are desirous of curing the trouble.

I urge the minister to do what the hon. member for Bow River has advocated. A national fuel policy must be laid down for Canada. If the minister needs practical advice, those he should call in are the people who have made representations to his department and to the government during the last ten years on the matter of a national fuel policy. Thereby there could be worked out a solution of this problem

The payment of subventions to railroads and mining operators as set out under the order in council is not a cure; it is not even a palliative.

The representatives of the mine workers in districts 18 and 26, who have studied the matter, recommended in the past that a national fuel policy in this country must be one whereby economic markets for both east and west should be zoned, and if they were zoned, a sufficient amount of coal which is being imported would have to be kept out of the country to guarantee our own industry a market.

Mr. CRERAR: How would you keep it out of the country?

Mr. GILLIS: Put an embargo on a sufficient amount of it to guarantee the marketing of our own coal. I do not think that a tariff would be a solution; tariffs can be juggled. They have not been a solution in the past. I say, impose an embargo, be definite about the matter, and so try to cure what is developing into a very bad situation.

I have here much statistical material to which I could make reference, but I am not going to do so at this time. I believe the minister is fully aware of it, because if it is sent to me no doubt it is sent to his department. I would call his attention, though to the issue of the *Mine Worker*, the official magazine of district 18, for May, 1941, in which they go very thoroughly into this question of a national fuel policy, and lay out a programme which, if followed, will provide a solution. Not only that, but they show definitely there, in the matter of marketing western coal alone, that this government could save approximately seven million dollars a year to the dominion, taking into account the exchange involved in the importation of coal from the United States.

Again may I call to the minister's attention, as I did on the last occasion when his estimates were before the house, the discrimination against Canadian coal used for metallurgical purposes, in the manufacture of steel. Coal brought in from the United States for this purpose is given a drawback of 99 per cent; on 75 cents a ton they are handed back 74 cents. The same allowance applies to coke. Yet Canadian coal used in the manufacture of steel is bonused only to the extent of 49 cents a ton. I see no reason why the rate of bonus granted to United States coal should not be made applicable to coal mined in Canada. It would be an incentive to operators to expand the industry, something they are not doing at the present time.

The consequences are reflected, too, in the wages paid the miners. If the same bonus received by the United States operators were applicable to Canadian coal production, there would not be the difference in wages, because the basis of the argument for lower wages in Canada would have disappeared. The minister would be well advised to call the representatives of the miners and come to an understanding. With all respect to their ability, I have not much confidence in the men who have been handling the situation, because the results that have been achieved in the last ten years on the basis of the policy of subventions have certainly not brought very much benefit to the industry in Canada.

Mr. SOPER: As far back as May, 1940, we were told that we could not get Nova Scotia coal further west than Montreal. Consequently all through the eastern part of Ontario and in the west there has been very little Nova Scotia coal in use in the last two years.

Mr. MacNICOL: We use several thousand tons a year in Toronto. The Toronto board of education uses nothing but Nova Scotia coal.

Mr. SOPER: That was the notice the coal dealers got. With regard to the remarks of the hon. member for Bow River (Mr. Johnston), the miners are not working at this time of the year because you cannot ship coal here and put it in the cellars now or there will be too much deterioration. The Alberta people, I would point out, were the only ones who raised the price of coal in the season of 1940-41. This upset the market just when it was getting in good shape. There will be a good deal of Alberta coal used this year.

Mr. JOHNSTON (Bow River): Wages were increased and that was the reason for the increase in the price.

Mr. SOPER: It was bad business to raise the price in the middle of the season when they were beginning to get a market. There will be a good sale for Alberta coal in Ontario this year, but the business is one that must be handled properly or the dealers will lose a good deal of money.

Mr. COLDWELL: I intended to say something about coal from a different angle, but at this stage I will refrain. I will let it go until next session. Good grades of Alberta coal like Saunders Creek, Big Horn and Alexo stand up well because they are semi-hard coal. The British thermal heat unit in that type of coal approaches closely to the thermal unit per pound in anthracite. Speaking from memory, I believe it is 11,800 per pound in the coals I have mentioned as against 13,000 in anthracite. That can be sold under the present subventions in Ontario at around $12.50

a ton, but American coal, with exchange and so on, will have to be sold this year around $15.75 or $16.00. Consequently it would be a good plan for the minister to engage in a little advertising campaign on behalf of western coal. We have good coal in the west and unfortunately some very poor coal too, and I regret to say that some of the latter has been shipped here. It ought never to be shipped. There is need of supervision, and only grades of coal that are really worth while should be shipped. I have no doubt that if this policy were pursued we would continue to expand the Ontario market for western coal. When the minister, in reply to a question of mine the other day, said that nothing was being spent on advertising this great natural resource of Canada, I thought there was neglect on the part of the department.

Mr. GILLIS: The hon. member for Lanark said it has not been possible to get Nova Scotia coal west of Montreal since May 1940. Under the subvention regulations, I understand, no subvention is paid on Nova Scotia coal unless it moves beyond a certain point in Ontario. The return furnished the hon. member for Rosetown-Biggar in May 1941 shows that on Nova Scotia coal the bonus was paid on a net tonnage of $1,940,570. The subventions paid amounted to $2,643,-366.54. That would lead me to believe that the quantity of coal here indicated moved west of Montreal in the year 1940; otherwise a subvention was paid that should not have been paid. I would ask the minister whether it is true that no Nova Scotia coal has been marketed west of Montreal since May 1940.

Mr. CRERAR: It is not correct. Nova Scotia coal has been marketed west of Montreal since that date. Naturally the quantity has declined from what it was in previous years owing to the greatly stimulated demand east of Montreal. My hon. friend (Mr. Gillis) is incorrect in the figures he has given with regard to the increase in imports of American coal in 1940 as against 1939. In 1939 the total imports from the United States were 9,800,000 tons and in 1940, 13,400,000 tons, or an increase of 3,600,000 tons. But that did not mean any decrease in the production in either Nova Scotia or Alberta. It did not mean a decrease in production in any of the existing Canadian fields. As a matter of fact, production was increased in both Alberta and Nova Scotia, and this was due to the very considerable stimulation in business—railway traffic, industrial development and expansion, and so on, which require coal.

Mr. GILLIS: I am not vouching for the figures I gave. I took them from a booklet called Coal and the War, dated January 29, 1941, published by the war-time economic coal committee, Western Canada Fuel Association.

Mr. CRERAR: My hon. friend is quoting figures on a nine months basis. The figures I have given are on a twelve months basis.

Mr. FAIR: There are one or two things that should be reiterated. An hon. member has just told us something of the poor grade of coal being shipped here. For his information I might say that someone interested sold some poor grade Alberta coal here in former years and that had a very specific purpose. It had a damaging effect on the sale of Alberta coal. I understand Alberta now has under consideration a policy which will permit only suitable grades of coal being shipped to a particular market.

The point brought out by the hon. member for Rosetown-Biggar should also be mentioned again, because we have in Alberta some of the very best coal obtainable in the world.

I would also support the suggestion that a national coal policy be instituted. If that is done it would be in the interests of eastern as well as western Canada and prevent much of the abuse that is going on and has gone on in the coal business.

Mr. JOHNSTON (Bow River): Why was the subvention on Alberta coal going to Manitoba withdrawn?

Mr. CRERAR: As has been stated in discussions in the house in previous years, the subvention is based on the principle of equalizing the cost of Canadian coal with the laid down cost of United States coal. The cost of United States coal had gone up, consequently the subvention was not required to meet that competition in Manitoba. The principle on which the subvention has been based ever since it was inaugurated is applied in precisely the same way this year as in other years. It has not meant any decrease in the production of Alberta coal, because the amount of coal produced in Alberta in 1940 was considerably more than in 1939.

Mr. JOHNSTON (Bow River): Do I understand that Alberta coal can be laid down and sold in Manitoba for the same price as United States coal?

Mr. CRERAR: I am informed that the amount of United States coal consumed in Manitoba has not increased as a result of this, in fact it has decreased. But Alberta coal is finding competition from Saskatchewan coal in certain markets in Winnipeg. To

what extent that has operated to affect Alberta coal shipments I cannot say at the moment.

Mr. JOHNSTON (Bow River): Will the minister give some assurance that he will take into consideration the advisability of establishing a national coal policy?

Mr. CRERAR: Right here, may I ask my hon. friend what he means by a national coal policy? I asked the hon. member for Cape Breton South what his idea was, and it was to place an embargo on, that is absolutely prohibit, the entry of a certain amount of outside coal into Canada. Is that the attitude of the hon. member for Bow River?

Mr. JOHNSTON (Bow River): If it is the desire of the committee to go into the details of a national coal policy I shall be glad to do so.

Some hon. MEMBERS: Oh, oh.

The CHAIRMAN: The hon. gentleman put a question to the minister, and the minister asks him to clarify his question.

Mr. JOHNSTON (Bow River): I am just asking if it is the wish that we go into details of a national coal policy.

The CHAIRMAN: If the hon. gentleman desires an answer to his question he must make his question clear, not by a speech on national policy but by stating what he has in mind in putting the question.

Mr. JOHNSTON (Bow River): That is the reason I asked for a committee to be set up when we come back to consider thoroughly this question of a national coal policy. That should be very satisfactory to the minister because he apparently does not know what that means. In the meantime would the minister give consideration to the desirablity of advertising more extensively the further use of Canadian coal in areas in which it is now being used?

Mr. CRERAR: The latter question is now receiving the consideration of the officials of the department and is a matter I propose to take up with them as soon as we finish here. In regard to the other question, I shall be glad to take his representations into consideration.

Mr. GILLIS: The minister stated that my idea of a national fuel policy was an embargo on United States coal. It was not as flat-footed as that. What I recommended to the minister was that he should call in someone who has sufficient knowledge of the industry and the marketing of coal to frame a national fuel policy. I said the markets of Canada should be zoned so that the coal industry—

[Mr. Crerar.]

An hon. MEMBER: Cut it short.

Mr. GILLIS: If we wanted to go into that question I could keep the committee here until five o'clock, but I am not going to have the minister make statements which the press, which is very ready to write them up, can use to hold me up to ridicule. We are trying to make a contribution to the discussion, which is something the hon. member is not doing. What the hon. member for Bow River and myself are trying to do is to assist the minister to avoid the difficulty that he is running into, whether he knows it or not, a difficulty which may call for a great deal of assistance in the coal industry if he is to be extricated from it. The policy that is being carried out at the present time is certainly not going to do it. I could sit down and write a national fuel policy for the minister and go into details if he wants me to do it.

Mr. CRERAR: I should be very happy if my hon. friend would give me the benefit of his experience and judgment on that point.

Mr. GILLIS: I shall certainly do it, but I do not want the impression created that I imagine that all the government has to do is to declare an embargo on United States coal and the problem would be solved.

Mr. JOHNSTON (Bow River): That emphasizes my statement of a few minutes ago that when the house reconvenes the minister should set up a committee to go into the whole question of a national fuel policy.

Item agreed to.

177. Lands, parks and forests branch—National parks bureau. National parks, $299,500.

Mr. FAIR: What is being done in connection with the Wainwright buffalo park?

Mr. CRERAR: The Wainwright national park has been placed at the disposal of the Department of National Defence.

Mr. FAIR: Is any use being made of it, or is it just idle?

Mr. CRERAR: I understand that up to the present they have not used it. I have not made inquiry as to when they are going to use it or what use they propose to make of it, but it is at their disposal for training purposes.

Mr. McNIVEN: At the top of page 23 of the estimates, Mines and Geology Branch, it says: "Appropriation not required for 1941-42." My only reason for referring to this matter is that in the May issue of the *Pre-*

Cambrian I find a eulogistic reference to the mines and geology branch of this department, by no less a distinguished person than Doctor S. G. Blaylock, of Trail. This reference was part of a symposium dealing with the work of this branch, and it concludes with these words:

He recommended that the geological survey be reestablished as one of our most important departments, that every effort be made to secure for it the ablest directorship we can find, that it be protected from political influence, and that it be given the greatest latitude in carrying on its work.

He goes on to say that his own company, Consolidated Mining and Smelting company had benefited from the work of this department in developing the Marysville magnesite deposits, the Pinchi lake mercury deposits and the Yellowknife gold area. This statement, coming from such a distinguished authority, should be sufficient to warrant the minister giving favourable consideration to furthering the work of this important branch of his department.

I should like also to refer the minister to an article appearing at page 2 of the same magazine entitled The Steep Rock Hematite Deposits, by Charles Clay. I hope I am not incurring the displeasure of the Minister of Finance in making these observations, because I had him in mind in considering this matter. The substance of this article is that 135 miles north and west of Fort William there is the largest deposit of good hematite ore to be found anywhere on the north American continent.

Mr. MacNICOL: That was discussed about an hour ago.

Mr. McNIVEN: I have been waiting around for two days in order to bring this matter to the attention of the minister.

Mr. CRERAR: This was all taken up some time ago.

Mr. McNIVEN: Then I want to concur in what was said, if the immediate development of this deposit of hematite ore was urged. It will increase our steel production and protect our foreign exchange; and I am informed that it can be developed in such a way that western Canadian coal can be utilized. If this large deposit, so close to us in western Canada, can be developed, there is no doubt it will be of assistance to the agricultural industry of the country. I would commend the article to the minister and urge that he convey the substance thereof to his colleagues, and in particular to the Minister of Munitions and Supply.

Item agreed to.

421. Loans and Investments. Soldier Settlement of Canada. To provide for soldier land settlement and British family settlement net advances, $105,000.

Mr. STIRLING: With the indulgence of the committee I should like to ask the minister one question before he concludes his estimates. The question is based on a telegram which has just been placed in my hands and which asserts that war bonds are being sold to the Doukhobors bearing a special sticker indicating that the money will not be used for war purposes. I want to know if this is true. It seems to me it would be of advantage for the government to deny it, or, if it cannot deny it, to explain it.

Mr. ILSLEY: Some time ago we had an issue of non-interest bearing bonds which were quite widely purchased. Then members of certain religious denominations in Canada, which do not believe it right to kill people under any conditions, applied for bonds with the provision that the proceeds should be used for the relief of suffering and for humanitarian purposes in connection with the war. We provided, therefore, for the issue of non-interest bearing bonds, series B, and either in the bonds or in the prospectus it was stated that the proceeds would be devoted only to humanitarian purposes and the relief of suffering arising from the war. Then when the victory loan was announced representatives of these religious denominations which, as I say, believe it wrong to kill people under any conditions or circumstances, nevertheless wanted to support the war effort provided the money was not actually used for the purposes I have mentioned; and they wanted to know if there was any way they could buy victory bonds with the assurance that the money would be devoted to humanitarian purposes or for the relief of suffering arising from the war. We agreed to do that; we agreed that if persons having these religious views applied for bonds we would sell them victory bonds carrying a sticker such as the hon. gentleman has described. I do not know whether the description he has given is accurate, but as I could follow it I believe it is substantially correct.

Mr. STIRLING: I appreciate the indulgence of the minister in explaining this matter.

Item agreed to.

SOLDIER SETTLEMENT OF CANADA

338. To provide for the cost of administration of soldier settlement and British family settlement, $578,465.

Mr. FAIR: This item deals with the administration of the soldier settlement board, and so on. I wonder if the minister would

give us a statement of the position of the soldier settlers, indicating the number who are at present in debt, the amount to which they are in debt, the amount paid in interest and principal during the past year, and so forth.

Mr. CRERAR: I will endeavour to give that information, but I think the hon. gentleman will find practically all of it in the annual report of the department.

Mr. FAIR: I do not think that is a very satisfactory answer at this time. I know the house is in a hurry to get through, but I also know that these soldier settlers are suffering and have suffered during the past twenty years. I believe they should be given some consideration at this time, instead of just telling me to go back and look at the report of the department. I have received figures from the department which indicated that not enough money was being paid in to even cover the interest, without providing anything for the cost of administration. I believe something should be done. I think those in charge of this department could be given other work which would be far more useful at this time, and these soldier settlers who have suffered for the last twenty years should be given a break and an opportunity to earn a decent living. I have in mind a neighbour of mine who bought a half-section of land, with equipment, for $8,000. The last report I had, which was a couple of years ago, showed that he was in debt to the extent of more than $13,000, and now he is in uniform. Something should be done; the matter should not be put off in this way while these people are still suffering.

Mr. JAQUES: I should like to add a few words to what has been said by the hon. member for Battle River. In my own riding I have a soldier who has received notice to vacate his farm next fall. I do not wish to blame those who are administering the department, the inspectors and the others. They have to administer the act as it is. But conditions are so different to-day from what they were when the scheme was started, that in my opinion it is time the act was revised. I have seen figures of this man's account, and on the surface it does not look good. On one side are the figures showing what the man has paid in, while on the other is shown the amount he still owes. But as I pointed out to the director acting for the soldier settlement board, they do not show on the asset side the fact that twenty years ago that soldier, with thousands of others, offered his life in the service of his country. Large numbers of these men, if they were not totally disabled, were certainly handicapped from their experiences in the war.

Neither does it show on the asset side the value of the improvements made in twenty years' work on that land. Further than that, this man has six children, and they are not shown on the asset side. Hon. members may smile when I mention the children, but surely healthy children are the greatest asset that this or any other country can have. If this man is turned off his farm next fall, where is he to go, and what are those children to do for the next few years? I suppose they will drift into the towns, and go on relief.

Which is the better policy for this government to follow—to allow this man to stay on the farm, or to drive him off? Up to the present he has not been on relief. He is raising his family to be healthy and patriotic Canadian citizens. Or should the family be turned off the farm and the children raised in an atmosphere of relief? Furthermore, when this farm was bought—probably about 1919—values were at their peak, both for land and agricultural products. When we consider that in 1917 a debt of $100 could be settled by raising 35 bushels of wheat, and that in 1932 and 1933 it required fifteen times that amount of wheat to setle the same debt, we get some idea of the conditions these men have been up against.

I believe my sense of honesty is as well developed as that of any man, but if one can see anything honest in a system under which our debts are contracted at a certain level of prices and then, through a deliberate policy of deflation put into effect by various governments—because these things do not happen by accident—instead of repaying the $100, which was the amount contracted, the debtor finds himself saddled with an obligation of probably $500 or $1,000, all I can say is, heaven save us from anything dishonest!

I draw this case to the attention of the minister at this time, when the government is trying to draft recruits. Here is a man who served in the last war. I have no doubt his war experiences have been a handicap during the past twenty years. In addition to that, I have been over his farm, and I can say that if one were in the Gatineau district adjoining Ottawa, he might imagine himself on that farm. Part of his farm is on a mountain, and none of it is flat land.

This man has been struggling against physical and financial difficulties for twenty years. In the middle of this war he is faced with being turned out of his home, with his wife and children. He tells me he does not know

where to go or what to do. I hope the minister will be able to do something for him. I have no doubt there are other similar cases. Surely this is the worst kind of policy which could be followed either at this or any other time.

Mr. NICHOLSON: Some time ago when the orders of the day were called I raised a question of policy in connection with the administration of this department, and I was advised that the discussion should stand until the estimates were before us. I referred in particular to a soldier settler who for the second time in his life has joined the army. Shortly after joining he was notified that unless he made payment within thirty days he would lose all equity in his farm. I took the matter up with the minister, and I appreciate the consideration given by him. I understand that man's case is to stand over until the conclusion of the war. The point I make is that a notice of that sort, going out to a man in uniform who is associating with other soldiers, has a disturbing influence. I know the board was able to show that the man had been on the place for twenty years and had not made any large payments. But if it took the board twenty years to find that this man was not an efficient farmer—and I am still not prepared to agree he was not efficient—surely such drastic action should not be taken. I believe very few hon. members would have gone to that place twenty years ago and worked as hard as this man did. I think it would be agreed that he settled on submarginal land. He was a good citizen; so far as I know he did not spend his money on drink or gambling or in other objectionable ways.

My submission is that if the board saw fit to leave him on the land for twenty years, at least it should leave title to the land with him until the war is over. I would ask the minister to make a statement of policy as it affects men who join the army. It is most unfair to put the squeeze on them and close out their equities, thereby making the land available to someone who may have a few hundred dollars in cash. The minister should announce a policy which would indicate that these men could go back to their land. I understand protection is given under some provincial legislation, but that is not applicable to land held under the soldier settlement scheme. I would ask the minister to make a statement regarding the man in uniform whose dealings with the board might result in his being deprived of his equity while away on service.

Mr. JOHNSTON (Bow River): Before the minister replies, I would draw his attention to certain cases I have had described to me in the last few days. There were in fact five of them. I have written to the soldier settlement board concerning these, and with respect to four I have so far received no information. The fifth case the board has turned down flat. The circumstances in that case were somewhat similar to those which have been described by the hon. member for Mackenzie. The man I have in mind has been on the land for the last fifteen or twenty years. I am speaking from memory, but I believe in that time he has had ten crop failures. In 1940 he had a fairly good crop, and he promised the board that he would contribute a certain amount of it as a payment on his land, but since he did not make that 1940 payment, the board is kicking him off his land. From what the director of the soldier settlement board says, they will not do anything else. I do not know what I can do with this fellow. He has two sons in the active service, and it does not seem like a square deal. As I said before, since the last war he has had ten complete crop failures and some partial failures. If this is the reward a man is to get for active service, it is no wonder that we are not getting recruits.

Mr. CRERAR: The administration of soldier settlement matters has had careful consideration, not only by myself but by officials of the department. Undoubtedly there are problems associated with it. I would remind my hon. friends who are now criticizing us, that in the past a great deal of consideration has been given to the soldier settler. On at least two occasions parliament has granted reductions, and further reductions have been made under the Farmers' Creditors Arrangement Act. Quite a considerable number of these settlers have paid their way, and there are others who will pay their way; yet in the very districts in which some have succeeded, there are others who have failed. Those are the ones for whom my hon. friends are making their appeals.

Mr. JOHNSTON (Bow River): Local conditions affect different farmers in different ways.

Mr. CRERAR: Local conditions are taken into account by the department. The hon. member for Mackenzie (Mr. Nicholson) mentioned a case, one in connection with which he has had some correspondence with me. This man is in uniform and his farm, upon which there is no stock or equipment, is being left in the care of his brother. We shall get nothing from it, and we shall probably have to pay

the taxes in order to keep it from being sold for taxes by the municipality. Yesterday the hon. member for Lake Centre (Mr. Diefenbaker) offered some criticism of the soldier settlement administration in the matter of payment of allowances to dependents of enlisted soldier settlers. In this connection I have in mind a man who enlisted and who left a wife and two children on his farm. He had not been a successful farmer, and it was not the fault of the land. I think my hon. friends, if they are honest, will admit that there are some farmers who do not succeed largely because they lack some quality which is necessary to success.

Mr. JAQUES: The best farmers do not always succeed.

Mr. CRERAR: This man assigned $20 of his pay to his family; his wife receives $35 allowance and $12 for each child, making a total of $79 a month. Criticism was made, and probably would be made by my hon. friend, because under these circumstances we are asking that the taxes be paid so that the government will not have to put up additional money for that purpose. Is that a hardship on the family? I suppose my hon. friend will say that it is.

I should like to make one more observation before I sit down. The recent increases in taxation—and I do not say that we have reached the limit—have been such that next year hundreds of thousands of people who have paid no taxes to the federal government will be paying taxes direct to the federal government. It is about time that the people of this country became tax conscious. There is no group in this house who have more suggestions for the spending of public money than my hon. friends who sit diagonally opposite. On almost every occasion we hear suggestions that we should put up for the relief of the soldier settler, should bonus this and should do something more about that. Where will we get the money to do all the things? It must come out of the pockets of the taxpayers. The government does not get it off rose-bushes, notwithstanding all the theories of my hon. friends from Alberta. The money must come from the pockets of the taxpayers or by means of loans. If the hon. member for Mackenzie and the hon. member for Bow River want to stand well with the electors in the next election they must soon give some attention to relieving the burdens of the taxpayer. In the years to come, the taxpayer will have something to say about it, and he is going to say it pretty loudly, if I do not miss my guess.

[Mr. Crerar.]

Mr. COLDWELL: I had not intended to say anything on this particular item, but I see that the figures show that the burden placed upon these men was such that they could not carry it. The percentage of soldier settlers who have completed their contracts is very small, and only a very small percentage of those settled under the British family scheme remain on the land. I think our people are tax conscious now, but we are not obtaining all the taxes that could be obtained in the right places. Yesterday I was speaking to a minister from one of our sister dominions, New Zealand. Wages are lower in that country than they are here, but they have social services which make the real wages higher. I was interested in finding out the basis upon which farmer debts in that dominion had been reduced, and I was told that they took the price levels over a period of ten years and then decided what the land could bear, after the farmer was left £3 a week—that is £156 a year which at the present rate of exchange amounts to $700—before he was expected to pay anything on the indebtedness on his land. That was the basis of the adjustments which were put into effect several years ago in New Zealand.

The minister said that $79 a month is a considerable income for a woman with two children and whose husband is overseas. The minister must realize that many of these people who have been living under these conditions have nothing in their homes. I know that the hon. member for Mackenzie, the hon. member for Bow River and I have gone into settlers' homes where there was not sufficient clothing in the house, or sufficient equipment in the kitchen to get a decent meal. A soldier settler in uniform from near Prince Albert came to my office and told me that he had enlisted in order that his wife and family might be able to eat and be decently clothed for the duration of the war. That is not the spirit in which a man should enter the army.

Mr. CRERAR: Does my hon. friend blame that condition on the soldier settlement administration?

Mr. COLDWELL: No; I am not placing this on the doorstep of the minister. What I am urging is that every consideration should be given at this time to the soldier settlers, and particularly to those who have gone back to the army. These men have not the provincial debt protection which other people have, and I do not think our government departments should exert the pressure which, it seems, is being exerted upon some of these people.

The minister will say, of course, that some of these men have not farmed properly, that

they do not know how to farm. I believe that is true. But when we did not know what to do with these returned men back in 1920 and 1921, we persuaded many of them to go on the land,—men who ought never to have gone on the land. And there they are. I have forgotten what the percentage of completed contracts is, but if my recollection is correct—and I have a fairly good memory—not more than 25 or 30 per cent of the contracts originally made have been carried to completion. Would the minister tell us how many of the original soldier settler contracts have been completed and the loans paid out in the terms of the contracts?

Mr. CRERAR: I think I can get that information for my hon. friend in a moment. It may be of interest to the committee to know that the total reductions or concessions made in amounts originally advanced to soldier settlers for the purpose of land, live stock and equipment, amount to over $43,000,000.

Mr. DONNELLY: That is, the write-off?

Mr. CRERAR: Yes.

Mr. DONNELLY: What was the original investment?

Mr. CRERAR: I am told that it was around $108,000,000.

Mr. COLDWELL: That would include both accrued interest and original principal?

Mr. CRERAR: Yes, but largely principal reduction.

Mr. COLDWELL: But that proves nothing.

Mr. DONNELLY: What rate of interest does the department charge?

Mr. CRERAR: Five per cent.

Mr. DONNELLY: Was it always 5 per cent, or has it been reduced?

Mr. CRERAR: I understand that it was always 5 per cent to the soldier settler. On some of the civilian contracts which replaced soldier settler contracts it may have been 6 per cent.

Mr. DONNELLY: How many soldiers have taken up land, how many have left the farms, and how many are yet on the farms?

Mr. CRERAR: I am informed that 2,592 of the original settlers have cleared off the indebtedness and have titles to their lands.

Mr. COLDWELL: What percentage is that of the original contracts?

Mr. CRERAR: That would be around 11 or 12 per cent. Of the remainder of 8,118 soldier settlers whose contracts with the department are still in force, 3,004, or 38 per cent, have a substantial equity of 40 per cent or more in their farms.

Mr. COLDWELL: After twenty years?

Mr. CRERAR: They have their accounts in good standing, and should pay off their loans. There are 1,645 or 20 per cent, who have an equity of from 10 to 40 per cent in their farms and have a fair prospect of success.

Mr. COLDWELL: That is after twenty years?

Mr. CRERAR: Yes. Probably in some cases it would be twenty years; in others, it would be less.

Mr. JOHNSTON (Bow River): They have quite a bright future!

Mr. CRERAR: Then 3,469 or 42 per cent, have little or no margin of equity. Most of this last group have had their loans reduced under the Farmers' Creditors Arrangement Act during the past three years: 2,300 of this group have a fighting chance, but 1,100, despite a heavy debt reduction under the Farmers' Creditors Arrangement Act, have little prospect of establishing any personal equity in their farms, probably due to inefficient farming methods, aggravated in many cases by advancing age or other physical disability. That is the picture as it is at the present time.

I happen to know, because I have lived in western Canada, quite a number of cases of soldier settlers. I recall one case where there was only a public road between two men. They got the same advantages; their land cost practically the same; in each case they received practically the same assistance. One man has paid off his obligations in full, owns his farm and has good buildings on it; the other man has made a failure of his farm. How are you going to adopt any form of administration which will meet the case of that man? All you can do in the end—and that is what the policy of the department has been—is to nurse him along, recognizing the service he has given in the past. Probably he will stay there as long as he lives, because it provides him with a home, but we may abandon any idea that he will ever pay for his farm, because I cannot conceive of any conditions under which that individual would make a success. The fault was not in the policy of the government. The fault was not in the quality of the land he had. Nor can it be attributed to the conditions, because the man across the road made a success when the

other man failed. The failure was due to, shall I say, some lack of ability, of capacity to manage, however you like to describe it.

Mr. COLDWELL: Perhaps, lack of suitability for the work he was doing.

Mr. CRERAR: Well, probably. The probabilities are that he never should have attempted farming.

Mr. JAQUES: I brought to the notice of the minister the case of a returned man who is to be turned off his farm this fall. The minister replied that we in this corner were, or would be, very free with the taxpayers' money. But may I remind the minister that, so long as that man is on the farm, he is not there at the public expense, so far as I know; but if he is turned off his farm and is forced on relief, in all probability he will be living at the expense of the taxpayer.

Let me say this, for it is something I do not talk about as a rule, that I know western Canada. I have been there since the year 1901, and I have lived always on the land; I have never engaged in any other business. When people argue that, because a man over here makes a success or what is called a success, and a man over there does not, the difference represents the real values of these two men, I say they do not know what they are talking about.

Let me point to the case of the most successful farmer Alberta ever had, the late George Lane. He came on a saddle-horse to the province before the province was formed. He lived to accumulate over a million dollars; yet when he died, George Lane was absolutely broke in mind, body and pocket. I can instance any number of men who have had similar experiences. It is easy enough for a firm or an accountant to press the keys on a machine and then turn a handle, and produce a result. But that does not represent the conditions on a farm.

Remarks about taxpayers' money come ill from those who were responsible for one million Canadians being on relief—people who would still be on relief had it not been for this war. Will anyone say that these one million people were inefficient or too lazy to work? They are not too lazy to fight, as we have found out. I wish the minister would look into this case and see that this man, after serving the country in the last war and having raised a family, living not at the expense of the taxpayers, is not turned on the road now or at any time. If he lived through the depression and the weather we have had in Alberta in the last twenty years, he deserves at least to be let alone to live as best he can.

Item agreed to.

339. To provide for the payment to the government of the United Kingdom on account of losses under the 3,000 British family agreement of August 20, 1924, and the New Brunswick 500 British family agreements of August 4, 1927, and August 27, 1935, $20,000.

Mr. COLDWELL: Can the minister give the comparable figures with regard to the British family settlement scheme—the number of original contracts, the number completed, the number of people who still remain with those who have barely more than a fighting chance to come through?

Mr. CRERAR: I have not that information. Under the 3,000-family scheme the original number was slightly below that figure, but I am bound to say that the scheme has not worked out successfully. There have been heavy losses, and more losses will accrue to the federal treasury before the full scheme is finally liquidated.

Mr. COLDWELL: It is the old story. We did not choose sufficiently well the people who were adapted to that kind of work, and in some instances the land was not good. I went to the quarantine section in southern Saskatchewan and saw the people trying to make a living on land that had been passed up for nearly fifty years. They were grubbing on Canadian Pacific land—and how the Canadian Pacific fleeced them!

Item agreed to.

ROYAL CANADIAN MOUNTED POLICE

516. General administration—further amount required, $15,836.75.

Mr. COLDWELL: Reasonable consideration should be given to these estimates. They are being called so rapidly that I have not been able to turn the pages to see what we were approving. I have no objection to passing over items that are not contentious. I wanted to see what item 45 was, but I found that we were six jumps ahead of it.

Mr. LAPOINTE (Quebec East): Those were all rather routine items—for instance, to pay the indemnity of members of parliament.

Item agreed to.

Resolutions reported, read the second time and concurred in.

SUPPLY—CONCURRENCE

Hon. J. L. ILSLEY (Minister of Finance) moved:

That the reports of the committee of supply made to the house on February 25, 27, May 2, 13, 23, June 2, 3, 4, 5, 6 and 11, less amounts voted in interim supply be now received, read a second time and concurred in.

Motion agreed to.

WAYS AND MEANS

SUPPLY BILL

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Vien in the chair.

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1942, the sums of $163,431,321, $35,000,000 and $48,453,183.14, respectively be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolutions reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 103, for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1942.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Vien in the chair.

Mr. STIRLING: I take it that both the clauses and the schedules are in the customary form. Is there anything unusual?

Mr. ILSLEY: Not that I know of. I have not the previous acts before me. There is a borrowing power in section 5 but I do not think it is at all unusual.

Bill reported, read the third time and passed.

THE ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Government House, Ottawa,
June 14, 1941.

Sir:—

I have the honour to inform you that the Right Hon. Sir Lyman P. Duff, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber on this day at 3 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the
Governor General.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

The house having reverted to the order for questions:

WAR-TIME HOUSING LIMITED

Mr. FRASER (Peterborough West):

1. Is James MacKay, of Eastern Woodworkers, building any homes for War-time Housing Limited, in Nova Scotia?

2. Has James MacKay, or Eastern Woodworkers, received a contract from War-time Housing Limited?

3. If so, were any tenders called for the construction of these houses?

4. Has any land been purchased in Nova Scotia by War-time Housing Limited?

5. If so, from whom was the land purchased?

Mr. HOWE:

1. No. The building project at New Glasgow, N.S., has been abandoned.

2. Answered by 1.

3. Answered by 1.

4. Yes.

5. In Halifax (a) A parcel of land known as the St. Paul's glebe lands was purchased from the rector warden and vestry of St. Paul's Church, Halifax, N.S.; (b) a single lot to round out the parcel was purchased from the Home Realty Limited, Halifax, N.S.

In Dartmouth (a) a parcel from Michael Lahey and wife; (b) a parcel from Thomas Notting, K.C.

In Eastern Passage (near Dartmouth) (a) a parcel from Allen Horne, Esq.; (b) a parcel from Ralph Horne, Esq.

In New Glasgow, land was expropriated, but the project has been abandoned and the expropriation of land cancelled.

CANADIAN BROADCASTING CORPORATION ASSISTANT GENERAL MANAGER

Mr. COLDWELL:

1. In regard to return No. 84C, what adjustments referred to in answer No. 14 were made?

2. What reply was given to the auditor general to questions (a) and (b) in the last paragraph of his letter referring to C.B.C. accounts, addressed to the minister and dated February 25, 1941?

3. What policy and under what legal authority are future arrangements regarding such matters to be made?

Mr. HOWE: See minister's statement, pages 4308, 4309 and 4311, unrevised *Hansard*.

Mr. COLDWELL: Referring to the answer given in reply to my question, I have looked through *Hansard* at the pages mentioned and I cannot find the answer. I wonder if this question might be reconsidered.

Mr. MACKENZIE (Vancouver Centre): I shall bring my hon. friend's observations to the attention of the minister.

*AWNINGS FOR JACKSON BUILDING, OTTAWA

Mr. HOMUTH:

1. Is consideration being given to the placing of awnings on the Jackson building, Ottawa?

2. If so, what is the estimated cost of equipping this building with awnings?

Mr. CARDIN:

1. No, as far as the Public Works Department is concerned.

2. Answered by No. 1. But the Department of National Defence for Air have thought it advisable to buy for the drafting-room windows of that building awnings the cost of which is $60.

HOUSE OF COMMONS

CONGRATULATIONS TO MR. SPEAKER ON FULFILMENT OF DUTIES AS PRESIDING OFFICER

Mr. D. G. ROSS (St. Paul's): May I take this opportunity to congratulate Mr. Speaker upon the magnificent way in which he has conducted the affairs of the House of Commons?

Mr. M. J. COLDWELL (Rosetown-Biggar): That is unanimous, Mr. Speaker.

Mr. SPEAKER: I am afraid when all men speak well of me.

THE ROYAL ASSENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate.

And having returned.

[Mr. Coldwell.]

Mr. Speaker informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act to amend The Excise Act, 1934.

An Act to amend the Customs Tariff.

An Act to amend The Excess Profits Tax Act, 1940.

An Act to incorporate General Security Insurance Company of Canada.

An Act to incorporate The Ukrainian Catholic Mission of the Most Holy Redeemer.

An Act respecting The Ontario and Minnesota Power Company Limited.

An Act respecting The Wawanesa Mutual Insurance Company.

An Act respecting British Columbia Telephone Company.

An Act to amend The War Exchange Conservation Act, 1940.

An Act to amend the Indian Act.

An Act to amend the Pension Act.

An Act to amend the Alberta Natural Resources Act.

An Act to amend The War Charities Act, 1939.

An Act to authorize the levying of Duties in respect of Successions.

An Act to amend The Prairie Farm Rehabilitation Act.

An Act to control the Export of Game.

An Act respecting Consolidated Fire and Casualty Insurance Company.

An Act to incorporate The Roman Catholic Episcopal Corporation of James Bay.

An Act respecting United Grain Growers Limited.

An Act to amend the Industrial Disputes Investigation Act.

An Act to amend the Yukon Act.

An Act to amend The Prairie Farm Assistance Act, 1939.

An Act to amend the Income War Tax Act.

An Act to amend the Labour Department Act.

An Act to amend the Special War Revenue Act.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1941, to provide for the refunding of financial obligations and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to amend the Senate and House of Commons Act.

An Act for the relief of John Hubert Fox.

An Act for the relief of Dorothy Jean Fletcher.

An Act for the relief of Lillian Bald Ellison.

An Act for the relief of Clavell Filliter Stroud.

An Act for the relief of Mary Marion Grey McKay.

An Act for the relief of Frances Goldberg Joseph.

An Act for the relief of Alice Weill Sedlak.

An Act for the relief of Marguerite Marie Rita Duchesneau Goulet.

An Act for the relief of Edna Irene Yertaw.

An Act for the relief of Gordon Alexander Cowan.

An Act for the relief of Marion Cameron MacLaurin Nelson.

An Act for the relief of Kenneth Grier Thornton.

An Act for the relief of Hubert Earl Roberts.

An Act for the relief of Annie Elizabeth Cunningham Wheatley.

An Act for the relief of Dorothy Theresa Downard Street.

An Act for the relief of John Greig.

An Act for the relief of Lloyd Charles Edward Francis Fulford.

An Act for the relief of Joseph Gaston Yvano Rene Dupuis.

An Act for the relief of Audrey Alexine Stephenson Smyth.

An Act for the relief of Lillian Shapiro Denenberg.

An Act for the relief of David Rainville.

An Act for the relief of Hortense Bienvenue.

An Act for the relief of Evelyn May Gray Ladouceur.

An Act for the relief of Marie Jeanne Germaine Grenier Legendre.

An Act for the relief of Marie Adeline Alice Miron Lefebvre.

An Act for the relief of Helenorah Koturah Donowa Harris.

An Act for the relief of Henry John Barrington Nevitt.

An Act for the relief of Pauline Myrle Barr Gauld.

An Act for the relief of Marie Alice Veillet Piche.

An Act for the relief of Gertrud Kohn Storper.

An Act for the relief of Frederick William James Hobbs.

An Act for the relief of Vivienne Rhodes Whitaker Storey.

An Act for the relief of Dora Lemisch Boyer.

An Act for the relief of Muriel Mary Murphy Carvey.

An Act for the relief of Eileen Henrietta Seville Orchin.

An Act for the relief of Edythe Gertrude Dover Schawl.

An Act for the relief of Agnes Mary Johnson Messett.

An Act for the relief of Manson Wilton Roach.

An Act for the relief of Elizabeth (Elspeth) Brown Rattray Selkirk Morphy.

An Act for the relief of Stanley Jackson.

An Act for the relief of Vera Black Slatkin.

An Act for the relief of Stella Cohen Baboushkin.

An Act for the relief of Kate Abramovitch Reinblatt.

An Act for the relief of Dora Catherine Sullivan Evans.

An Act for the relief of Ilona Klein, otherwise known as Eleanor Klein.

An Act for the relief of Leonard Moore.

An Act for the relief of Ann Elsie Buckley.

An Act for the relief of Dorrien Edson Weaver.

An Act for the relief of David MacDonald.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1942.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1942.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 4.10 p.m. until Monday, November 3, 1941, at three o'clock.

Monday, November 3, 1941

The house met at three o'clock.

THE LATE ARTHUR B. DAMUDE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Before the house enters upon the proceedings of this afternoon, I regret to have to announce to hon. members the passing of one of our number in the period of the recess which we have just had. Mr. Arthur Damude, the late member for Welland, passed away on the fifteenth of September at the comparatively early age of fifty-two years.

Mr. Damude entered the House of Commons in 1935 and was returned as a member at the last general elections. He was of a retiring disposition and took little part in the discussions in the house. He was, however, faithful in attendance, followed the proceedings of the house closely, and was very helpful on committees. He was keenly interested in the social problems of the day, and had given much of his time and thought particularly to the welfare of labour and also of those who are engaged in agriculture.

In his own constituency as a younger man, he had taken part in municipal affairs and in the work of local charitable institutions. Those of us on this side who knew him well will miss him greatly, because he was one of the most companionable of men and one of the most loyal of friends and supporters. He had the promise of many years of useful service before him. Unfortunately he has been taken away at this early age.

Mr. Damude suffered bereavement in the loss of his wife only a short time before his own death. There is only one member of the family left, Lieutenant Ross Damude, who is in the Canadian armed forces. I am sure it would be the wish of hon. members that we should express to Lieutenant Damude something of the great respect we have for his father's memory. It will be revered by all who knew him, and he will long be remembered by the citizens whom he served so well.

Hon. R. B. HANSON (Leader of the Opposition): I desire to add my tribute to the memory of our late colleague. Mr. Arthur B. Damude was still in the prime of life, fifty-two years of age. He evidently had a flair for public service because he was a candidate for the House of Commons on two

occasions prior to his election. His ambition culminated in his election by a substantial majority in 1935 and again in 1940. I have no doubt that he contributed a great deal to the public life of his county, besides making his contribution here in parliament.

I regret to say that I did not know Mr. Damude personally. During the brief time since I came here in 1940, I do not recall that I ever had the privilege of meeting him. I suggest to you, sir, and to this house, that his untimely death at the comparatively early age of fifty-two exemplifies how fleeting is human life and how heavy the toll among those in public life.

I desire to associate myself with the Prime Minister in all that he has said and in extending to the family of the deceased member our very sincere sympathy.

WAR EXPENDITURES

FOURTH TO TENTH REPORTS OF SPECIAL COMMITTEE

Hon. J. T. THORSON (Minister of National War Services): I wish to table the fourth, fifth, sixth, seventh, eighth, ninth and tenth reports of the special committee on war expenditures.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DARTMOUTH, N.S., AIRPORT—TILLEY INVESTIGATION

Mr. POULIOT:

1. What is the daily remuneration, including living and travelling expenses, of Mr. W. N. Tilley, K.C., for the investigation and report referred to by the hon. Minister of Air, and the hon. member for Cumberland, on the orders of the day, May 30, 1941?

2. How much has been paid to him?

3. Did he send a final account?

4. If not, what accounts did he send to the government to date?

Mr. POWER: Mr. Tilley has not nor does he intend to render an account for his services or personal expenses resulting from his investigation into the development of the Eastern Passage aerodrome.

QUESTION PASSED AS ORDER FOR RETURN

COAL FOR SWIFT CURRENT, SASK., PUBLIC BUILDINGS

Mr. COLDWELL:

1. What are the names of those who tendered for the supply of coal to the post office and dominion experimental farm at Swift Current, Saskatchewan, during the years 1936-1941, inclusive?

2. What was the amount of each tender?

3. What are the names of the successful tenderers and the amount of their respective tenders?

Mr. HOWE: Return tabled.

MR. J. S. WOODSWORTH

CONGRATULATIONS ON HIS RETURN TO THE HOUSE AFTER ILLNESS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am sure it will be the wish of hon. members of the house that I should say to the hon. member for Winnipeg North Centre (Mr. Woodsworth) how pleased we all are to see him again in his place to-day. As we all know, my hon. friend is leader of the Cooperative Commonwealth Federation, and as such has been unsparing in the time and energy he has devoted not only to the work of that political party but particularly to his duties in this parliament. Many of us felt that at times he worked far too hard; he did not spare himself but overtaxed his energies and occasionally those of the government as well. We were genuinely sorry when we learned that he had suffered a somewhat serious indisposition, which kept him away from Ottawa during practically the whole of the last and all of the present session of the house, but we are delighted to have him back to-day. I can assure him that on all sides of the house there is genuine pleasure at the progress he has made in regaining his strength. We hope he may find it possible to continue to attend the sittings of the house, and that he will enjoy a complete recovery of his health.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, may I trespass upon the time of the house to add just a word to what the Prime Minister (Mr. Mackenzie King) has said. The hon. member for Winnipeg North Centre (Mr. Woodsworth) and I entered this house in the same year. I think I can safely say that during most of the intervening time we have not thought alike on public questions, but on one point I am sure I can agree with my right hon. friend and with all other hon. members of this house; that is, how glad we are to see the hon. member back, I trust in improved health. I hope the time will come when he will be able to bear his full share of the duties and responsibilities of this house.

BUSINESS OF THE HOUSE

PROCEDURE IN CONCLUDING THE SESSION—WELCOME TO RIGHT HON. CLEMENT ATTLEE, LORD PRIVY SEAL

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): It might be well, Mr.

Speaker, if I were to say a word about the reassembling of parliament to-day, if only to remind hon. members of the stage of the session we have reached. As hon. members will recall, the house adjourned on June 14 last, at which time I made a motion, which was carried unanimously, that we should reassemble to-day. This date was fixed with the idea of deciding in the light of circumstances at this time whether it would be better to continue the present session for such time as might be necessary, and begin a new session in the new year, or whether it would be preferable to do as we did last year and meet simply to prorogue, beginning the new session before the end of the present year.

I think the experience of last year went to show that beginning a new session at the end of the year simply meant that when we resumed after the Christmas adjournment, much of the time of the house was taken up in debating anew questions which had been the subject of discussion in the debate on the speech from the throne, and that in the end public business would be expedited, and certainly expenditure lessened, if the house were to meet at the beginning of the new year for its third session rather than before the close of the present year. It is therefore the intention of the government not to call parliament together for the new session until some time in January, at a date which I shall be glad to fix after conference with my hon. friend the leader of the opposition (Mr. Hanson) and the leaders of other parties.

I want to make it clear that in coming to this decision the government has had in view first of all what would best serve the interests of the public and secondary, but still important, what would best serve to meet the convenience of hon. members. Beginning a new session at once or within the next few days would mean that hon. members would have to secure living accommodation in the city for a short period and then either hold it until after the beginning of the new year or risk losing it altogether by letting it go meanwhile. With the difficulty that now exists in securing accommodation in the capital we have felt that to begin a new session at once would entail unnecessary inconvenience and expense to many hon. members. On the other hand I should like to make it quite clear that while we are at the end of the second session of the present parliament the government has no desire to terminate the session before hon. gentlemen opposite, as well as those on this side, wish to have it terminated. We are here to answer any questions which the opposition may wish to ask the government; to give to the country information which we believe the country will wish to have at this stage, with regard to the progress of Canada's war effort, and also to give information on other public matters as to which hon. members or the country may wish to be informed. When that part of the work is over I will introduce a motion similar to the one I introduced in June, that the house adjourn until a date then fixed for early in the new year. I am careful to say "adjourned" again. I do so because I know it is the wish of hon. members that at this time of war parliament should be kept in session so that if between now and the end of the year a critical situation should arise which would render it desirable that hon. members be brought quickly together, the session would not be terminated and hon. members could be called together at very short notice. If we were to prorogue it might take a longer time to bring hon. members back. But if there should be no occasion to reconvene the house between now and the end of the year, we will begin the new session as has been more or less customary in the first month of the new year.

I have thought that to-day hon. members would probably wish to have from me a statement in the nature of a review of the international situation as it has developed since we last met together. Since the commencement of the war, it has been customary to make a statement of the kind, at the beginning of a new session or after an adjournment of any length of time, and if hon. members are agreeable I shall make that statement this afternoon. Further proceedings for to-day is a matter which may well be left to the house itself to decide. I would suggest that it might be advisable for the leader of the opposition and myself to meet with the leaders of other groups, and also for the whips to confer with some of the hon. members, to see if between to-day and to-morrow we might not find it possible to agree upon a procedure which would facilitate the work of the balance of the session. It is the desire of the government as far as possible to proceed in accordance with the general wishes of the house.

Speaking of procedure I am reminded that, in common with some other hon. members, I had to-day the pleasure of being present at a meeting of the Canadian and Rotary clubs, of Ottawa, and of hearing a splendid address by the Right Hon. Clement Attlee, Lord Privy Seal in the government of Great Britain. In the course of his address Mr. Attlee spoke of our parliamentary institutions. From his exceptional experience both as a leader of the opposition and deputy leader of a government, and from having served in both party and

national governments, he made clear to those present that one of the virtues or advantages of the British system of government is that it always has a way of meeting whatever situation may arise and of having its procedure work out smoothly. He pointed out that, so far as procedure in the House of Commons was concerned, that very desirable result was obtained by conferences between the leaders of parties and groups, and their whips. When I made my suggestion as to procedure that portion of Mr. Attlee's remarks was much in my mind.

However, my chief purpose in introducing Mr. Attlee's name at this moment is to say on behalf of the government and parliament of Canada, and on behalf of the Canadian people, how pleased we all are that Mr. Attlee has found it possible in the short time he is able to spend on this side of the Atlantic, in attendance at the conference in New York of the International Labour Office, to spare sufficient time to visit Canada, to deliver public addresses and to see something at first hand of the war effort of our country. His visit will afford him a fuller knowledge than would otherwise have been possible of the position of Canada in the war. He will be able to take back to the people of Britain no uncertain assurance of the intention of men and women of all classes and in all parts of Canada to put forth their utmost effort in the winning of the war. We are gratified indeed that one who is not only the leader of a political party in Great Britain but who has played such an important part in British public life especially in the furtherance of all that is best in industrial relations, as well as in the interests of his country in a time of war, has been able to spend these days with us. I am pleased to be able to avail myself of this opportunity to express our appreciation of Mr. Attlee's visit.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, I should like to associate myself with the expressions of welcome the Prime Minister (Mr. Mackenzie King) has extended to the Right Hon. Clement Attlee. I had the pleasure of meeting Mr. Attlee on an all too brief occasion in September, and I was greatly impressed by his dynamic personality. On behalf of those surrounding me may I add my word of welcome to that of the Prime Minister. I hope Mr. Attlee's stay in Canada will be a pleasant one, and that he will take back happy recollections of his all too few days here with us.

With respect to the Prime Minister's statement in connection with the business of the session which remains to be disposed of, when parliament adjourned on June 14 my understanding was that the house would reassemble on November 3, the date then fixed. It was my further understanding that the house would prorogue and that a new session would begin immediately, as was done a year ago. So far as this party is concerned, that would have been a satisfactory solution. It does seem to me that, other things being equal, it would be well that this session should be brought to a close, because, may I remind hon. members, it is just a little under a year since this session was opened on November 7, 1940.

Something, however, has occurred to alter the government's decision in that respect, and I am not controverting the suggestion which has been made. As the Prime Minister has said, if we were to prorogue, and then open a new session and debate the address, as we did a year ago, what was said in that debate might be repeated later in the same session. I have seen that happen, and in my opinion it is not conducive to progress in our deliberations.

But why should the government not have some business ready for parliament at this time? We have been away from Ottawa for almost five months. Is there no necessity for legislation? Is there no necessity for motions for supply or ways and means, or for other government business which would afford hon. members an opportunity of doing some work? One of the crying needs in the House of Commons is that private members should be given something more to do than they have been given in the past. I am not going to dwell upon the point I have made more than once, namely that having delegated to the executive all the powers they have asked for or could think of—and I do not know what more they could ask for or think of than they now have—parliament has really been reduced in status to that of a debating society. So far as the executive are concerned it would appear that the only procedure required is to call us together from time to time to pass such supply as they may require. I do not believe that is the will of the people of Canada, even in war time. I suggest to my right hon. friend and his colleagues that they give some consideration to submitting to parliament national problems which arise from time to time, so that at least the people's representatives may have an opportunity to express their opinions.

Looking at the order paper I find that government orders are only three in number. The first is for the third reading of a bill in the name of the Minister of Mines and Resources (Mr. Crerar). It has been on the order paper for many months, and I understand the minister does not intend to proceed

with it. The second order is a pro forma notice in the name of the Minister of Finance (Mr. Ilsley), for committee of supply, and the third order is for committee of ways and means.

I do not know under what order of business the house may proceed to discuss public questions. I am glad the Prime Minister has extended the invitation to which he has referred, so that we may talk matters over and make arrangements under which opportunity will be given to hon. members to express their opinions in the house. While I have a rough knowledge of the rules of procedure, I am not an authority, but from my understanding I would assume that whatever is done will have to be done by consent.

So far as we are concerned we will of course cooperate. I do wish, however, that in relation to measures of national importance the government would consider taking us into their confidence, and would remember that we are still living in a democracy. I do not say this in any querulous spirit; I am simply asserting a principle. The people's elected representatives are still the representatives of the people, and while we have delegated all kinds of authority to government, it does not follow that the people's elected representatives have given to this or any other government carte blanche to do as it pleases by order in council. I commend these observations particularly to my right hon. friend, and I do so even in war time—because he will recall, as I do, what a steadfast opponent he has been of rule by royal commissions and orders in council.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I do not intend to debate this matter, but I should like to give a word of explanation concerning one of the points which my hon. friend has raised. He has referred to the fact that there is no business on the order paper. The reason for that is that the session was really over when we adjourned. The purpose of the adjournment till to-day was simply to keep parliament in session to meet any emergency that might arise before the session was prorogued. We are not therefore proceeding simply as we please by order in council but rather under the authority which parliament has given us in the enactments which were passed at this very session. I want to make that clear.

May I remind hon. members of the circumstances which last year occasioned two sessions beginning in the one year. As will be recalled, in 1940 we had a general election in the early part of the year. Then we had a session of parliament in the late spring and early summer. The second session, the one we are now in, started in the late autumn of 1940. This was done largely to suit the convenience of hon. members who, in addition to the session, had also been through a general election. Instead of continuing the session, we entered immediately upon a new session. It has been the custom in parliament for some years past to have the different sessions identified with the calendar years. The government feels that it will be found best in the end that the second session of parliament should end in this year, 1941, and the third session begin in 1942.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, the members of this group would like to associate themselves with the welcome extended by the Prime Minister (Mr. Mackenzie King) and the leader of the opposition (Mr. Hanson)) to Right Hon. Clement Attlee, Lord Privy Seal in the imperial cabinet. I had the pleasure of meeting Mr. Attlee some five years ago at the labour party conference which took place that year in Edinburgh. I believe Mr. Attlee has since been in the very thick of things and I am glad to know that he and the party which he represents are working to-day for the cause of democracy.

May I also on behalf of this group thank the Prime Minister and the leader of the opposition for their kind references to our leader, the hon. member for Winnipeg North Centre (Mr. Woodsworth). We all missed him, and it is very gratifying to know that others missed him. It is one of the glories of democracy that while we may differ fundamentally, we are ready to recognize the character and worth of other individuals. That is one of the things that we hope to maintain when this war is over. It is one of the things that does not exist in the totalitarian state—there you either conform or you are liquidated.

In regard to the business of this session, we of this group think it would be a calamity if we were to depart without being able to discuss the questions which are foremost in the minds of the people of Canada. There is a great deal of misgiving as well as a great deal of inquiry, and I think it would be a bad thing for the government if we were to be sent back home, after some of us have come great distances, without having discussed many of the questions in which our people are interested.

I am not at all sure about the rules, but I notice that item No. 2 on the order paper for to-day, under Government Orders, says, "House again in committee of supply." I believe the Prime Minister could move accordingly, make his statement, and then those of us who wish to speak would have an opportunity of doing so. Otherwise this item on the order paper has really no sense. If we are satisfied that we shall have an opportunity of discussing

these matters we shall be glad to cooperate and expedite the work which should be done before we leave.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I shall not repeat what has been said already in respect to the visit of the distinguished gentleman from Great Britain, Right Hon. Clement Attlee, and the welcome extended to one whom we have learned to respect, the hon. member for Winnipeg North Centre (Mr. Woodsworth). I simply concur in the remarks that have been made.

As to the procedure to be followed in the present session, it has seemed to me, particularly since the war, that this parliament has gradually become a parliament of the government instead of remaining a parliament of the people. Private members' days have been almost obliterated. I cannot agree with the leader of the opposition (Mr. Hanson) when he says that there is nothing on the order paper. I can see notices of motions to the extent of twenty, but I realize that since private members' days have gone by the board, these resolutions will never be discussed. Some of them cover matters that are most important to Canada in these days. I think I express the view of many private members when I say that if parliament is to sit and adjourn again and again, some time during the year should be given to private members in order that we may discuss matters which perhaps can be presented only by a private member, and the Prime Minister (Mr. Mackenzie King) should make the necessary provision to that end.

So far as the present session is concerned, the members of this group have always shown a willingness to cooperate in expediting the business of the house. We are ready to do so again, but we also want to serve the country to the best of our ability.

JOY OIL COMPANY

REPORT OF DEPARTMENT OF JUSTICE ON ADVERTISEMENT RESPECTING GASOLINE

On the orders of the day:

Mr. KARL K. HOMUTH (Waterloo South): May I ask the Minister of Munitions and Supply whether he has yet received a report from the Department of Justice with regard to the advertisement which the Joy Oil company had in the press of this country?

Hon. C. D. HOWE (Minister of Munitions and Supply): I have not seen it myself but I shall be glad to make inquiries.

[Mr. MacInnis.]

WAR EXPENDITURES

INQUIRY AS TO CONCURRENCE IN REPORTS OF SPECIAL COMMITTEE

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Is it the intention of the Minister of National War Services to move concurrence in interim reports 4, 5, 6 and 7 of the special committee on war expenditures laid on the table of the house this day?

Hon. J. T. THORSON (Minister of National War Services): I do not think there is any intention of making a motion of concurrence.

Mr. E. G. HANSELL (Macleod): In view of the minister's suggestion that there will not be a motion for concurrence in the reports of the committee, may I ask whether an opportunity will be given at any time for the house to discuss those reports?

Mr. THORSON: I think this house will follow the practice at Westminster. I do not recall that at Westminster there is any motion of concurrence in the reports of the various committees. Whether there will be any opportunity to discuss the matters contained in the committee's reports will have to be determined later.

PENSIONS

NON-PENSIONED WIDOWS OF DECEASED SOLDIERS

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): May I ask the Minister of Pensions and National Health whether the committee set up last session to consider pensions for non-pensioned widows of deceased soldiers has made a report, and, if so, when it will be tabled?

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): The only report was the one presented by the committee of this house on June 13 last. That report is now before the house, and I shall be glad before the session ends to make a statement with reference to the action taken by the government.

QUESTION OF BONUS TO PENSIONS OF SOLDIERS OF THE GREAT WAR

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): May I ask the Minister of Finance whether the government has considered granting a bonus to the pensions of soldiers of the great war?

Hon. J. L. ILSLEY (Minister of Finance): A great deal of consideration has been given to a large number of problems allied to that

which the hon. gentleman has mentioned, but I am not in a position to make any statement with reference to it.

LABOUR DISPUTES

MCKINNON INDUSTRIES STRIKE AND CAPE BRETON COAL MINERS SLOW-DOWN STRIKE

On the orders of the day:

Mr. KARL K. HOMUTH (Waterloo South): Is it the intention of the Minister of Labour to give the house during the present session reports on the McKinnon Industries strike and the slow-down strike of coal miners in Nova Scotia?

Hon. N. A. McLARTY (Minister of Labour): I think as the business of the house progresses a statement can be given if desired in connection with both these matters.

THE WAR

REVIEW OF INTERNATIONAL SITUATION SINCE JUNE 14, 1941

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, in the review of the war which I gave to the house just before its adjournment on June 14 last, I sought to impress upon hon. members that it was inevitable that the existing conflict between the forces of aggression and the defenders of freedom would continue to spread from nation to nation, from ocean to ocean, and from continent to continent. Since the middle of June, the war has grown in intensity and extent. Threats have become realities; prophecies have been fulfilled, and fears have been turned into terrors.

The period of the parliamentary adjournment witnessed a vast expansion of the area of conflict in Europe; continuous, though desultory, fighting in north Africa; increasing tension and uncertainty over vast areas in Asia. In all the countries of north and south America, there has been growing concern as to the consequences of the struggle, immediate and remote, to themselves.

Two years of continuous aggression by Germany have made increasingly clear not only her pattern of aggression and the aim of her successive conquests, but, above all, the might of her military power. The organized strength and size of Germany's war machine is the all-important military factor in the world to-day. No doubt remains that world conquest is Germany's aim; there is equally no doubt her method of world conquest is intended to follow successive stages of military, economic and political control. All peoples are beginning to perceive that behind the intrigues, the deceptions, and the horrors of nazi Germany and the revolting brutality of her methods of warfare, will be found plans and designs progressively developed from those which inspired and guided Prussian militarism under Bismarck and Wilhelm II. The war machine with which the forces of freedom are faced to-day is not only vaster in extent than anything hitherto conceived, but its sources of power are more deeply and firmly rooted.

Every conceivable means by which freedom can be crushed is to-day being employed by nazi Germany. We may expect that for some time yet her might will continue its sway, and violence and bloodshed on a growing scale be a part of the human lot. This is an appalling prospect. Until its ghastly potentialities are squarely faced in all quarters of the globe, the sufferings of humanity may be expected to increase.

Since our adjournment, the outstanding development has been, of course, the Russian campaign. It is scarcely possible to believe, but it is nevertheless true, that when we adjourned no one in authority could say whether, before we met again, Russia would be fighting at the side of Germany, or would be attacked by Germany, or whether her ultimate plans and intentions would continue to remain obscure. The real attitude of Russia to the war had been obscure ever since August, 1939, when she signed the non-aggression pact with nazi Germany. That agreement made it appear that Russia had become an ally of the aggressor nations. Up to the moment of the attack it was, I think, generally believed that war would not come between Germany and Russia. It seemed more probable that Russia would yield to German pressure, to an extent sufficient to afford Germany some accommodation, and at the same time enable Russia, for a still longer period, to remain out of the war altogether.

The fact that Hitler attacked Russia when he did, and as he did, may yet turn out to be the most important event of the whole war. To form an estimate of the significance of its consequences for other peoples and countries, we need only ask ourselves what the situation would be to-day had Hitler turned the might of nazi Germany's power elsewhere than upon the Soviet Union! I will not ask what the present situation might have been if the power which Russia has so magnificently exhibited in resisting Germany had, instead been joined with German power in attack upon Britain and British interests throughout the world. We must indeed be profoundly grateful to the Providence which has spared the British com-

monwealth such an ordeal. But we should, I think, also look beneath the surface of Russian resistance into the heart of the Russian peasant. From him we may learn that nothing is quite so precious as the freedom of one's own homeland. In the Russian resistance and all that it signifies, we find the surest ground for belief in the ultimate triumph of the forces of freedom.

I am not in a position to answer the question: Why did Hitler attack Russia when and as he did? I am prepared, however, to suggest three reasons. Each in itself might be a sufficient reason. All three, taken in combination, afford, I believe, the true answer.

Hitler attacked Russia, first of all, for the same reason that he invaded other neutral countries of Europe, as a stage in Germany's march toward world conquest. The conquest of Russia would, he knew, bring the whole of Europe under his control.

Secondly, Hitler believed it would prove in the end to be the quickest and surest way to gain his larger objective of destroying the British empire. In the face of British resistance and American aid to the democratic powers, he had come to see that the conflict would be much longer and harder than he had anticipated. He recognized that fresh sources of supply were an essential means to any decisive victory. He feared without them the war might end only with the exhaustion of the civil populations and the armed forces of both sides alike.

A third reason—which I am sure was as powerful as either of the others—was that Hitler himself mistrusted Russia. He had every reason to believe that Russia could never be really friendly to a Hitlerite Germany. He no doubt expected that Russia, following tactics similar to his own, and those employed by his Italian partner, would continue to wait, while he pressed his campaign elsewhere, watching for the hour at which nazi Germany might become most vulnerable. In the hour of decisive conflict with the democracies Hitler did not wish to risk an attack from behind. His fear was the long-standing German fear of a war on two fronts. Hitler's success in exploiting hostility to Russian communism in his own rise to power, and as the key to his close association with Italy and Japan, forced him to recognize that, whatever the advantage to nazi Germany and the convenience to Russia of the nazi-soviet pact, at the time it was made, there could be no enduring good-will between forces so traditionally hostile and so diametrically opposed. He had every reason to expect that, before the end, the conflict would return to the place where he himself began it. He probably never doubted that at some stage the issue would be fought out between the Russian proletariat and the war lords of Germany.

It is clear that Hitler miscalculated the probable duration of the Russian campaign and the military strength and skill, as well as the patriotism, of the Russian people. He mistook, also, the effect of years of nazi and fascist propaganda. He may have expected a revolt behind the Russian lines; he met instead a united people prepared for any sacrifice. There is no doubt that the solidarity of opinion in Great Britain, in the dominions, in the United States, and in fact throughout all free lands, which followed the nazi attack upon Russia, was as much a surprise as it was a disappointment to Hitler and his accomplices.

It was on June 22—a Sunday morning—that Hitler launched his attack. Seldom has a situation arisen where there was more need for an immediate interpretation of its significance and implications. The remarkable fact is that, without prior consultation, the same interpretation was given, in almost identical terms, in all parts of the British commonwealth and in the United States; and that, regardless of considerations of race or religion, the view expressed was much the same. It was immediately recognized that nazi Germany had again broken the peace, and again broken her own pledged word. Germany was plainly and clearly the aggressor. It was recognized that the nazi attack on soviet Russia was not a crusade against any Red menace but a new phase of the nazi attack on all the democracies.

This interpretation was the one set forth in the statement I issued, in the name of our government, on the afternoon of the day on which Russia was attacked. I stressed the fact that Germany, and not Russia, was the threat to freedom and peace; that every force fighting Hitler was fighting, whether consciously or unconsciously, for the preservation of Christian civilization; that every power which engaged our enemy advanced our cause. I pointed out that the German attack removed all shadow of doubt concerning Hitler's purpose; that it constituted a fresh call to arms throughout the British commonwealth. I pointed out that Hitler's agreement with Russia had been broken with the same perfidious cynicism with which it had been sealed; that its making and its breaking had but one object—to eliminate danger in the east in order that there might be a concentration of force against Britain and the west. I emphasized that, therefore, it was not a time to debate differences of view or to relax effort, but rather a time for strengthened unity of opinion, and for still greater effort. That view

has been everywhere accepted throughout our country. How true it has proved to be, that every day Russian resistance has held up the German advance has been a day contributed to the cause of freedom, and the growing power of the British commonwealth and the United States!

I shall not attempt to outline the Russian campaign or to predict its outcome. For over four months hostilities have continued on a long front stretching from the Arctic shore to the Crimea on the Black sea. There, notwithstanding the might of the German onslaught, a front still remains. The front line of defence runs through the rivers and plains of Russia. Fighting has been concentrated in three main sectors: in the north around Leningrad, which at the moment is in a virtual stage of siege; in the centre toward Moscow, in which area there has been continuous heavy fighting with enormous casualties in both men and materials; and in the south where strong German forces have already penetrated a long distance into the Ukraine. Here Germany has already captured many of the key centres beyond the Dnieper river where much of the Russian heavy industry is concentrated. After a stout defence of many weeks the Black sea port of Odessa has been evacuated. German hostilities have been extended into the Crimea. The most serious strategic threat to successful Russian resistance is in this southern sector. The way appears to be opening for further penetration southwesterly into the Caucasus; one of the few areas in which Russia and Britain have direct communications by land and sea.

Russia, the largest European nation, is fighting every inch of the way. Never in human history has battle, reckoned in machines and men together, been waged on such a scale. Never have casualties been heavier. Only rarely, I believe, has the spontaneous sympathy of people throughout the world been so aroused.

It is not surprising that in so flagrant a case of aggression promises of support for Russia should have been forthcoming without delay. Britain, hard pressed though she is, took immediate steps to furnish military and economic aid. The government of the United States pledged all practical economic assistance. As an outcome of the Atlantic conference between President Roosevelt and Mr. Churchill, the governments of Britain and the United States undertook to send a joint mission to Russia to plan and organize the largest possible measure of assistance. In their recent conferences, the mission speedily reached agreement with the Russian government under which assistance in growing volume is already being provided.

The Canadian government kept in close touch with the activities of the Beaverbrook-Harriman mission both before and during its visit to Moscow. In consequence the members of the mission were in a position to count upon tangible support from Canada in the fulfilment of the undertakings given to the soviet government. It is not possible for me at this time to give details of the character or the extent of Canadian aid to Russia or of the precise arrangements being made with the governments of the United Kingdom and the United States with whom Canada is cooperating in sending the aid. In a general way the programme of aid includes war supplies, food, medical supplies and transport equipment.

The Russian campaign was preceded, as hon. members will recall, by the sweep of the nazi forces through the Balkan states and by the invasion and conquest of Greece. In a general way, on either side of the Mediterranean, at Gibraltar, along the north African coast, through Egypt, and to the Suez, the relative positions of the opposing forces have remained, throughout the summer months and since, much what they were at the time of the conquest of Greece. There has been continuous fighting on and over the waters of the Mediterranean, but all this, and much else, has been largely overshadowed by the immensity of the conflict in Russia.

A plane, flying from Gibraltar throughout the length of the Mediterranean, and pursuing its flight in an easterly direction to northern India, would fly in practically a straight line across Syria, Iraq, Iran, and Afghanistan. These countries are all immediately to the south of either Turkey or Russia. Geography is in itself sufficient to disclose how important, for strategic reasons, their position is.

There are, however, economic as well as geographical considerations which make the political disposition of each of these countries a matter of first importance. In Iraq and Iran lie the vast fields which supply much of the oil required by Britain for military as well as industrial purposes. For these countries to become hostile, or to pass into the hand of the enemy, might well prove a major disaster. When it is realized that the Ukraine and the Caucasus, because of their economic resources, are the possessions which above all Germany hopes to wrest from Russia, it will be seen how important to Russia and Britain alike is the retention of these areas in friendly hands.

As was to have been expected, there were evidence of enemy intrigue and penetration throughout Syria, Iraq, Iran and Afghanistan, even before the Russian campaign commenced. Secret agents were at work in each of them, fostering discontent and making alliances cal-

culated to serve German interests. To preserve order, and to prevent her own position from being undermined, the British government has been obliged to take quick and decisive action in all these countries.

Trouble came first in Iraq. Open revolt was followed by the establishment of a rebel government friendly to the axis. In accordance with their treaty rights British forces intervened and suppressed the revolt. The legitimate government was restored.

It will be recalled that, during the campaign in May which ended in the crushing of the axis-inspired revolt in Iraq, the nazis were permitted to use the air fields of the French mandates of Syria and Lebanon in order to facilitate the sending of aid to the Iraqi rebels. This axis penetration of Syria constituted a grave threat to the whole allied position in the eastern Mediterranean.

It was accordingly decided that a nazi occupation of this vital strategic area must be forestalled. On June 9 the British and Free French forces invaded the mandated territory. The same day, General Catroux, the leader of the Free French forces in the middle east, proclaimed the independence of Syria and Lebanon. Although the allied invasion was resisted by the French troops in Syria, the government at Vichy refrained from describing the hostilities as actual warfare. An open breach between Britain and France was thus averted. The allied occupation was completed a month later and an armistice arranged, which was ratified by the government at Vichy on July 15.

Since the allied occupation of Syria and Lebanon the most significant development in the middle east has been the intervention by Britain and soviet Russia in Iran. During August, both the British and Russian governments became increasingly apprehensive of the effects of a German "tourist" invasion of that country. Diplomatic action at the Iranian capital had no effect, consequently, on August 25, British and soviet forces entered Iran to protect the oil fields and safeguard communications. They met little resistance, and after four days of desultory fighting the Iranian forces were ordered by their government to cease all resistance. By September 10 a settlement had been reached by which the government of Iran agreed to turn over the axis nationals in that country to the allies, and to expel the enemy legations.

More recently, the government of Afghanistan has agreed, in response to allied diplomatic representations, to expel the axis nationals.

In all four countries Britain has made it perfectly clear that in no way has she in view the expansion of her own empire by the acquisition of additional territories. Assurances have been given that, at the close of war, the fullest measure of restoration of the sovereignties of these countries will be made.

The strategic importance of safeguarding communications between the British and Russian forces in the middle east can hardly be overestimated. Prompt action is being taken to improve transport facilities on the Iranian railways. In this vital task Canada has undertaken to share.

Now a word as to the far east. As with the countries bordering on the waters of the Mediterranean, so with the Asiatic countries bordering on the waters of the western Pacific, and with the far east generally, the situation has remained, until quite recently, pretty much what it was before the beginning of the Russian campaign. The effect of the latter, however, has been greatly to intensify the tension which previously existed, and which arose from the political and military activities of Japan and her claims to the establishment of a "new order" in east Asia. The Japanese leaders have not disguised the fact that Japan was giving consideration to the further use of force to expand her influence in this area. At the same time Japan has clearly been uneasy at the prospect of taking military initiative in the face of the firm attitude displayed by the United States, Britain and the Netherlands Indies.

At the moment when parliament adjourned, trade negotiations between Japan and the Netherlands Indies had broken down. A Japanese drive southwards seemed imminent. Before action came, the nazis attacked soviet Russia. There is no longer any doubt that the nazi attack was a complete surprise to the Japanese government and to the Japanese people. These soviet-Japanese pacts of non-aggression had been meant by the Japanese to be the counterpart in Asia of the nazi-soviet pact in Europe. Both agreements were being made use of as evidence on the part of Germany and Japan of their desire to limit the arena of hostilities. By Germany and Japan alike they were doubtless intended to secure the neutrality of Russia in a way which would free their own hands in any action which might be taken by either or both of them against the anti-axis powers. Germany's perfidious act seemed to require, if the axis front was to be maintained, a similar volte-face on the part of Japan. This necessary change of front found its expression, not immediately, but by the middle of July, in a change of government in Japan. Mr. Matsuoka, who as foreign minister of Japan had negotiated the Japanese-soviet pact, was not included in the new government. His

exclusion was interpreted generally as a sign that the neutrality pact with Russia would, sooner or later, be repudiated. Since that moment serious consideration has been given the possibility of a northward attack on Siberia.

Until Germany's invasion of Russia, Japan's objective appeared to be the expansion, by force, of her "co-prosperity sphere" towards the south.

The first, and indeed the only actual expansion of Japanese military activity, since the adjournment, has been into French Indo-China. Late in July the Japanese government extended the penetration of that colony, which began in the autumn of 1940. This penetration was facilitated by the attitude of Vichy, under German duress. The result is a virtual Japanese military occupation of Indo-China and Japanese possession of its important naval bases. There were signs that Japan intended to continue her military advance into Thailand, and that she was restrained only by the formidable economic measures taken by the United States, Britain, Canada, the other nations of the commonwealth, and the Netherlands Indies. The promptness and firmness of the steps taken by the democratic powers were clearly a rude shock to Japan.

On July 25, Mr. Eden announced in the British House of Commons that defensive measures had been taken in Malaya. Late that evening President Roosevelt issued an order "freezing" all Japanese assets in the United States. Parallel action was taken by the United Kingdom and by this country on July 26, and the commercial treaties between Japan and Britain and Japan and Canada were denounced.

On July 28 the Netherlands East Indies cut off Japan's oil supply from those islands. Two days later Mr. Eden warned Japan to "reflect", while there was still time, on the effect of her foreign policy. At the same time Britain excluded Japanese shipping from her coaling stations throughout the empire and from the inter-empire carrying trade. On August 1 President Roosevelt ordered an embargo on the shipment of aviation gasoline and oils to points outside the western hemisphere, the British empire, and unoccupied territories of nations resisting aggression. The result of these measures has been a virtual cessation of Japanese sea-borne commerce.

Despite frequent statements that Japan must defend her economy by proceeding with the establishment of her Asiatic "co-prosperity sphere", tension in the far east relaxed in August and September. The anniversary of Japan's adherence to the axis, September 27, passed quietly. The celebrations in Tokyo were subdued in character.

Towards the middle of October tension once more began to increase rapidly in the far east. The growing tension was again reflected in a change of government in Japan, and the formation of a new cabinet headed by General Tojo. The new ministry represents the strongly anti-Russian tendencies among extreme militarists. General Tojo himself, while holding political office, remains on active service. He is minister of war, and has also under his direction the home ministry, which controls the extensive police services. It would appear that, for the present at least, political power in the cabinet has passed more firmly into the hands of extreme militarists than has been the case at any time in recent years.

It will be seen that the developments of the past four months have now brought matters to a point where a very definite conflict of interest has developed between Japan, as the axis partner of Germany and Italy on the one side, and the United States, Britain and Russia on the other. The critical character of the far eastern situation, occasioned by the aggressive designs of Japan, was clearly indicated by Mr. Churchill in his broadcast to the world on August 24. After referring to the Japanese war on China, the British Prime Minister said:

> Now they stretch their grasping hand into the southern seas of China. They snatch Indo-China from the wretched Vichy French. They menace by their movements Siam. They menace Singapore, the British link with Australasia, and they menace the Philippine islands under the protection of the United States. It is certain that this has got to stop.
>
> Every effort will be made to secure a peaceful settlement.
>
> The United States are labouring with infinite patience to arrive at a fair and amicable settlement which will give Japan the utmost reassurance for her legitimate interests.
>
> We earnestly hope that these negotiations will succeed. But this I must say, that if these hopes should fail we shall of course range ourselves unhesitatingly at the side of the United States.

The Japanese occupation of Indo-China has created two menacing threats: the first, a possible encirclement of southern China, through the occupation of Thailand and an attempt to cut the Burma road; the second, an attack on the Netherlands East Indies from the bases in southern Indo-China. Whether aggression, if it takes the form of open conflict, will be directed toward the north against Russia, or in a southerly direction toward Thailand and the Dutch East Indies or in both directions simultaneously, cannot at the moment be foretold. It is important, however, that both eventualities should be kept in mind.

A word now as to China. No reference to the situation in the orient would be complete

unless it recalled the fact that China is now in her fifth year of unbroken war against aggression. If any nation ever fought against an evil which it had done nothing to deserve, that nation is China. The sufferings of her patient people are as great as any ever visited upon any country. The uncomplaining courage of the Chinese has not been surpassed in the annals of human resistance. Like the Russian peasants and workers who within the last few months have been so mercilessly slaughtered, the Chinese continue to die in staggering numbers in defence of their humble habitations and the good earth which for countless generations has given to the ancestors they revere and to themselves their scanty sustenance. The Chinese ambassador in London, speaking recently to the people of Great Britain, used words which go far to make clear the spiritual foundations as well as the underlying unity of the cause of the democracies:

"China's resistance," said Dr. Wellington Koo, "is sustained by her faith in the ultimate triumph of good over evil. In the Chinese view violence and aggression are a curse to humanity and contrary to the will of providence as manifested in the gospel of love, good-will and friendliness which should rule amongst nations as amongst governments. The Japanese invasion is a great wrong, and China's defence is a righteous cause which cannot fail to prevail in the end. And the more energetically this cause is defended the sooner will it be able to vindicate law and order, liberty and justice, peace and security."

Now I come to a reference to the United States. The survey I have given of warfare, actual and potential, as it has spread in the course of two years throughout Europe, Asia and Africa, should be sufficient to disclose its menace to every other portion of the globe. It is not surprising, therefore, that the world-encircling danger, which already has engulfed the eastern hemisphere, should have increasingly aroused the peoples of North and South America to an awareness of the encompassing threat to the security of the western hemisphere.

The sweep of the nazi hordes to the waters of the Mediterranean; the German penetration of north Africa; the prostrate condition of the once free nations of Europe, emphasized to-day by horrors and atrocities too ghastly to recount; the present struggle of titanic forces in Russia; the continuous siege of Britain by sea and air; the unconcealed nazi designs to obtain bases which would bridge the Atlantic in the north via Iceland, Greenland and Newfoundland, and on the south, from the northwestern coast of Africa to the most eastern coast of South America via the Cape Verde islands and the Azores; the combined threat of Germany and Japan to the whole vast regions of Asia; the movements of Japanese fleets and armies along the whole western Pacific shores from Thailand and Malaya to the waters that divide Siberia from Alaska; the threats to Singapore and the Philippines, to the Netherlands Indies and Australasia;—all these developments, and much else, have combined to destroy the myth of American isolation.

The ever-increasing dangers have brought opinion in the United States to the point where even a nominal maintenance of official neutrality has long since ceased to be a part of national policy. The idea of neutrality implies two nations at war and a third in friendship with both. Officially, such a position seemed possible in the fall of 1939. Even to appearances, it has long since ceased to be countenanced. Instead, the whole trend of American opinion and official decision has been to regard neutrality as a mask and to throw it off altogether.

The aggressor nations, by their acts, have brought down upon their own heads the wrath of the United States. The methods by which nazi Germany has invaded the several countries of Europe; has manifested her intention to dominate on sea, as well as on land; and has, in collaboration with Italy and Japan, demonstrated her ambitions of world conquest —all of these, in corresponding sequence, have provoked the United States to increasingly vigorous protests and acts of self-defence.

It will be recalled that on May 27, the President of the United States proclaimed a state of unlimited emergency. On June 14, the day on which our parliament adjourned, German and Italian assets in the United States were "frozen." Two days later the German consulates were ordered to close, and shortly afterwards the Italian consulates were closed. Three days following Hitler's attack upon Russia, United States assistance, which previously had gone mainly to Britain and China, was offered also to Russia. On July 7, to forestall German attack, United States armed forces were stationed in Iceland. Two days following July 23, on which date Japan again intervened in Indo-China, Japanese assets in the United States were "frozen," and, within a week, an embargo was placed by the United States on the export of aviation gasoline.

In August came the historic meeting at sea between President Roosevelt and Mr. Churchill. In the middle of August, the president joined Mr. Churchill in proposing a three-power conference with Russia. Three days later, the American ferry service for combat planes to the middle east was announced. On

September 4, the United States destroyer *Greer* was attacked by a submarine. The day following, the president ordered the United States fleet to "eliminate" the submarine if possible. By the middle of the month, further American ships having meanwhile been sunk, a "shoot first" order went into effect. About the same time, it was disclosed that convoys had been included in the defence pattern of the United States. In mid-September the president asked congress to make a second huge appropriation for the lend-lease programme. A bill was signed by the president on Tuesday last, thereby bringing to a total of nearly thirteen billions of dollars the amount voted for lend-lease purposes.

At the end of September the joint meeting of Britain, the United States and Russia was held in Moscow, and agreement reached on joint United States-United Kingdom assistance to Russia.

On the 9th of October the president asked congress to permit the arming of American merchant vessels. The House of Representatives has already voted to amend that part of the neutrality act which previously prevented such a course.

The removal of the ban on sending American vessels into belligerent ports, or so-called combat zones, has become another immediate object of American policy.

These facts, in their cumulative effect, serve to show how rapidly the mirage of isolation has been disappearing, and how completely the appreciation of the interdependence of free peoples has grown in the minds of all but a small minority.

The position of the United States in the matter of neutrality could not have been more clearly set forth than it was in the formal statement presented by Mr. Frank Knox, Secretary of the Navy, before the foreign affairs committee of the House of Representatives at Washington on October the 13th. The following were Mr. Knox's words:

> As a matter of simple truth and realism, from the outset of this war, or at least from the time when we began to thoroughly understand what the war was all about, we have never been neutral. . . . We have been entirely unneutral, vigorously and actively supporting one side and contributing in many ways to the defeat of the other side. . . . We neither think nor act neutral in the present war. It is only honest to make our laws consistent with our actions.

The American official view as to what the war is all about was set forth with equal frankness by Mr. Cordell Hull, Secretary of State, who said:

> The blunt truth is that the world is steadily being dragged downward and backward by the mightiest movement of conquest ever attempted in all history.

The significance of Britain and the British fleet to the security of the United States was stressed by Mr. Henry L. Stimson, Secretary of State for War, in the following unequivocal words:

> The chief hope of defeating Hitler is by preserving the safety of the British isles, and the existence of the British fleet. This fleet for many years has been engaged in protecting the freedom of the seas upon which our own safety and welfare also depend.

No statements describing the position of the United States could, however, be more graphic or emphatic than those which the president himself has used in his recent public utterances. In his message to congress on the revision of the United States neutrality law, delivered on October 9, the president said:

> We know now that Hitler recognizes no limitation of any zone of combat in any part of the seven seas. He has struck at our ships and at the lives of our sailors within the waters of the western hemisphere. Determined as he is to gain domination of the entire world, he considers the entire world his own battlefield. . . .
>
> We will not let Hitler prescribe the waters of the world on which our ships may travel. The American flag is not going to be driven from the seas either by his submarines, his aeroplanes, or his threats. . . .
>
> We intend to maintain the policy of protecting the freedom of the seas against domination by any foreign power which has become crazed with a desire to control the world. We shall do so with all our strength and all our heart and all our mind.

A further statement of United States policy and its practical enforcement was set forth in no uncertain terms in the president's navy day address to the American people, delivered as recently as October 27:

> Very simply and very bluntly—
>
> Said the president.
>
> —we are pledged to pull our own oar in the destruction of Hitlerism.

Remarking that it was the nation's will that America should deliver vital arms and supplies, and that, in open defiance of that will, American ships had been sunk and American sailors killed, Mr. Roosevelt added: "We do not propose to take this lying down."

> Our American merchant ships—
>
> Said the president.
>
> —must be armed to defend themselves against the rattlesnakes of the sea. Our American merchant ships must be free to carry our American goods into the harbours of our friends. Our merchant ships must be protected by our American navy.

"The navy," the president said, "has orders to shoot and the order stands." "Shooting has started," were the words with which the president began this address. He concluded by saying: "To-day, in the face of this newest and greatest challenge, we Americans have cleared our decks and taken our battle stations."

These words may be taken as describing, as effectively as words can, the present position of the United States.

I have, from the very beginning of the war, in parliament and out of parliament, stressed two things above all others; first, the world aspect of the danger; and second, the moral character of the issue.

I have consistently maintained that world domination was Germany's aim; that she hoped to achieve that aim through the might of her own power, and the ambitions of her axis partners. I have maintained with equal consistency that the issue fundamentally was a moral one, and that the conflict was one between a pagan conception of a world order, which ignores the individual and the value of all contractual relations, and a Christian conception of a world order which has regard alike for the sacredness of human personality and of the pledged word in all the relationships of life. In other words, the conflict is one between a society which bases its relationship on the doctrine of Right, and a society in which human relationships are based on the doctrine of Might; it is a struggle which will decide whether mankind is to become increasingly free or revert to a condition of existence which is worse than slavery.

It has taken the past two years for most countries to come to see the all-encompassing aspect of the conflict. Most of the neutral nations of Europe did not begin to see it until their own freedom was gone. Other parts of the world have come to fear it only as encroaching dangers have drawn near to their own shores. What all have still to learn is that to-day no nation is sufficient unto itself, no continent and no hemisphere great enough, in its own strength, to maintain its own freedom. A recognition of interdependence and combined action based thereon is as necessary, indeed, it is infinitely more necessary to the democracies of the world if they are to maintain their freedom, than it is to the axis powers in the furtherance of their acts of aggression.

Of all developments in the growing substance of cooperation among nations, the most heartening has been the deepening interdependence of the British commonwealth and the United States. That interdependence found noble expression in the joint declaration of August last which was made public after the historic meeting at sea between Mr. Churchill and President Roosevelt. The conference in itself was evidence of the control of the seas which the combined fleets of Britain and the United States continue to possess. The joint declaration is an authoritative statement by the two great powers represented at the Atlantic conference of principles in international relations which they are agreed should govern the post-war world. At a meeting in London on September 24, formal adherence to these principles was given on behalf of the Allied powers and governments in exile.

The question it seems to me is no longer one mainly of assisting Russia, or assisting China, or assisting Britain, to save those countries from the might of the aggressor, necessary as this certainly is. Nor is it a question of helping to restore freedom to countries which have lost their freedom, essential as this also is. Nor is it a matter primarily of defending ourselves from attack, or of what shall be the precise scope of the post-war order. It has now reached the point of being a matter of saving freedom itself, and of saving the world from a condition of universal anarchy and chaos.

I have said that it has taken the past two years for most of the countries to come to see the all-encompassing aspect of the conflict. I doubt if any country has, as yet, come to see the undermining character of nazi doctrine and practice, or how completely subversive it is of Christian belief and humanitarian ideals, and how ruthlessly it seeks to destroy the precepts and standards of conduct based thereon. It is a menace alike to men's minds and souls, for it seeks to enslave both. It aims to destroy all true religion. It would substitute a materialistic interpretation of life for a spiritual one, brutality for charity, despair for faith, the worship of Hitler for the worship of God. All this, as well as the conquest of their lands, it seeks to impose by force upon the peoples whom it robs of their freedom. One has only to look at what the new order of nazi Germany is, and how it has been carried out in Germany itself, to see how it would be imposed by nazi tyrants upon their subject peoples. Even now, it demands one hundred innocent lives for the life of a single nazi.

Whether we speak in terms of nations or of individuals, we can no longer think of freedom as related solely to the bodies or the possessions of men. The only freedom worthy of the name is freedom of the mind and of the soul. We can no longer afford to think of our own freedom and the freedom of others as two things which may be considered

apart from one another. We are all members one of another. The freedom of all is bound up in the lives of all. The issue is indeed a moral one, and it is a moral issue of the profoundest concern, not only to every nation but to every individual as well. The cause is indeed the highest which it has ever been given to man to defend.

Hon. R. B. HANSON (York-Sunbury): Mr. Speaker, I am sure we have all listened with great interest to the Prime Minister's review of international affairs for the last three months or more. In order that the discussion may be regularized and in accordance with the suggestion which he made at an earlier stage of the proceedings, perhaps he will be good enough to move the adjournment of the house. This will give us an opportunity of analysing, so far as it may be necessary, the statement which he has just made. We can then have the conference to which he referred a short while ago.

BUSINESS OF THE HOUSE

Mr. MACKENZIE KING moved the adjournment of the house.

He said: Perhaps I may suggest to my hon. friend and to the leaders of the other parties that if it is convenient to them they meet with me immediately. We could then plan the procedure for to-morrow and the subsequent days of the session.

Motion agreed to and the house adjourned at 4.45 p.m.

Tuesday, November 4, 1941.

The house met at three o'clock.

BUSINESS OF THE HOUSE

PROCEDURE IN PRESENTATION OF STATEMENTS ON CANADA'S WAR EFFORT AND DISCUSSION THEREON

Right Hon. Mr. MACKENZIE KING (Prime Minister): I might perhaps report to the house the outcome of the conference which was held yesterday afternoon between the leader of the opposition, the acting leaders of the two other parties in the house and myself with regard to a suggested procedure to facilitate the business of this concluding part of the session.

As the house is aware, it is the privilege of the prime minister on the orders of the day being called when no question is before the chair to make a statement to the house on a matter of policy or on any important matter. A similar opportunity is extended by courtesy to the hon. member who is the official leader of the opposition. Yesterday I made a statement to the house reviewing the international situation. It did not purport and was not intended to go further than that. To-day the leader of the opposition desires to make a statement in regard to matters of policy or other matters of general concern and interest. A similar privilege is not, under our rules, accorded to leaders of groups. But if the house is agreeable to having its sitting continued in committee of the whole so as to allow greater freedom of discussion, an arrangement might easily be made whereby, by grant of special permission by unanimous consent, following the leader of the opposition, the leaders of the two groups, the Cooperative Commonwealth Federation and the Social Credit or New Democracy groups, would have the opportunity of also making statements of a like character. I might say we were all of the opinion that this arrangement would be the best. The house would continue to sit in committee of the whole, and the ministers in turn would make their statements on the progress of Canada's war effort. This procedure, if acceptable to the house, would enable hon. members to ask questions and would permit as full discussion as the house might wish in a way that would not be possible with the Speaker in the chair.

In order to make the discussion itself as relevant as possible it is thought that it would be best to have the ministers make their statements one after the other until matters of interest with respect to the war effort of the administration during the period of adjournment have been stated to the house more or less in their entirety. Hon. members would then have before them information which otherwise they might be obliged to solicit by means of question and answer. When the statements have been presented it is proposed that we then begin such discussion as may be desired upon the first statement, and, after discussion upon the matters to which it relates, proceed to the other statements in such order as may seem most advisable. For example, this afternoon, if the house agrees to the procedure proposed, the leader of the opposition, who will speak upon the orders of the day with the Speaker in the chair, will be followed in committee of the whole by the acting leader of the Cooperative Commonwealth Federation party, and he will be followed by the acting leader of the New Democracy party. On the government side it is proposed to have the Minister of Munitions and Supply (Mr. Howe) make a statement, to be followed possibly by the Minister of National War Services (Mr. Thorson). The government would wish to

have the ministers of defence speak at a time which will enable the three ministers to speak as nearly as may be possible in consecutive order. As hon. members are aware, the Minister of National Defence (Mr. Ralston) returned to Ottawa only last night; we would wish to have defence matters discussed together. This arrangement would afford the minister at least some opportunity to prepare himself.

If these suggestions are acceptable to the house, after the leader of the opposition has made his statement, I shall move that the Speaker leave the chair and will suggest that the sitting be continued in committee of the whole with the Deputy Speaker in the chair.

Hon. R. B. HANSON (Leader of the Opposition): The statement just made by the Prime Minister (Mr. Mackenzie King) I think substantially covers the arrangement made yesterday afternoon. It will be recognized that the observance of this arrangement depends almost entirely upon consent; I do not see how we can go on at all unless we come to some agreement. Therefore, while all the details of the matter are not exactly to my liking, I hope the house will concur in what the Prime Minister has suggested.

ST. LAWRENCE WATERWAY

REQUEST FOR STATEMENT AS TO PRESENT POSITION

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): Before the next order of business is called may I ask the Prime Minister to give to the house and the country, to-day if possible, a brief statement on the present position of the St. Lawrence waterway proposal. If he cannot give that statement to-day, will he be good enough to do so to-morrow?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should prefer to make the statement to-morrow. My understanding at the moment is that the agreement has not yet been reported out of committee in Washington, and that therefore it is impossible to say just when or if the agreement itself will be passed. However, I shall make inquiries between now and to-morrow and give the house a further statement then.

PRIVILEGE—MR. ROY

STATEMENT OF MEMBER FOR GASPE AS TO HIS CHANGE OF SEAT

On the orders of the day:

Mr. J. S. ROY (Gaspe): Mr. Speaker, I rise on a question of privilege in order to make a statement with regard to my change of seat in this house. I am sure the house will be interested to know why I intend to follow hereafter an independent course in this parliament.

A political party is usually composed of men with the same principles, and among whom there is some friendship or brotherly spirit. The Liberal-Conservative party founded by the MacNab-Morin coalition in 1854 was a real partnership composed of some Quebec moderate Liberals and Conservatives, who wished to wipe out old dissensions and form, with Ontario high Tories and moderate Liberals, a party with Conservative tendencies. Mutual respect was at the base of this union of different groups, and as long as MacNab and Macdonald were at the helm the aims and desiderata of French Canadians were not ignored when the party's policies were considered. Friction sometimes occurred, as I am sure it now occurs in the Liberal party, but we managed to preserve mutual respect and to keep a reasonable share in the appointments of high officers in the civil service and in the building of such public works as were required for the trade and commerce of the dominion.

The bonne entente between the two main elements of the Liberal-Conservative party gradually deteriorated. As time went on, French Canadian influence dwindled in the party. This was largely due to the demise of Sir John A. Macdonald. The Liberal party was strongly organized, and it manœuvred the Conservative party into becoming an English Canadian party in which French Canadian sympathy was forcibly thrown into the background. The present Minister of Justice (Mr. Lapointe) cleverly followed Sir Wilfrid's tactics, and the present Prime Minister (Mr. Mackenzie King) is using the Minister of Justice for all he is worth. Sir Robert Borden and Mr. Meighen were never able to control the element which is bent on wrecking our efforts to make Canada a country in which three million French Canadians will be considered. Mr. Bennett, now Lord Bennett, was the man who said we ought to be pleased with the concessions granted to us by English speaking Canadians. He went back on the principles of the party which had put him in power, and did more than all the Liberals put together to shake public confidence in political conservatism.

Any French Canadian member of this house who has mixed with the Conservative party as it now exists must realize that he is not a member of their political family. He is at

best a tolerated stranger, accepted from necessity and looked at with a certain degree of curiosity. In the opinion of Conservative members he is and always will be a poor relation. His views of Canada are not their views; his ambition for more French Canadian influence in our public life is not their ambition. They are firm in the opinion that we French Canadians are a source of trouble in their endeavours to make Canada an American England. There is no friendship or sympathy between them and us. I may add, however, that a good proportion of English speaking Canadians, particularly the young generation, show us more sympathy, because they have a real sense of true Canadianism.

I have decided to leave them, and I did not do so hastily. For the past few months I have been in consultation with people in Quebec who all expressed the opinion that it is useless for the province of Quebec to make any further attempts to work hand in hand with the Conservative party. Warm sympathy, the main element, is lacking. You all remember the story of the man who called upon an acquaintance. He was first told that the man was not at home; he then forced the door but he was received with a heap of abuse. He went a third time, when he was taken by the scruff of the neck and kicked down the verandah. He then said, "Well, I don't think that man wants to see me." Take out the violence and I think you will see there is something like that in the attitude of the Conservative organizers toward Quebec Conservatives.

It is my intention to stand at the next general election as a Canadian desirous of contributing, in my humble capacity, to the progress of the whole dominion without racial or religious prejudice, recognizing the rights of all citizens and fighting against bigotry wherever it is found.

SOLDIERS' DEPENDENTS

QUESTION OF INCREASED ASSISTANCE AND COST OF LIVING BONUS

On the orders of the day:

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, I should like to ask the government if they will consider granting increased assistance to families of enlisted men, consisting of more than two children, and also whether they have given consideration to the granting of a cost of living bonus to the families of enlisted men.

Hon. J. L. ILSLEY (Minister of Finance): Consideration is being given to those matters, but I am not in a position to make any statement on them at the moment.

CANADA'S WAR EFFORT

INQUIRY AS TO ESTABLISHMENT OF BUREAU OF INFORMATION IN NEW YORK

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): Mr. Speaker, in view of the importance of having Canada's war effort more widely known in the United States than it is at present, will the Prime Minister tell the house whether it is the government's intention at an early date to establish a Canadian bureau of information in New York?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the matter of how best to have Canada's war effort appreciated in the United States is one to which we have been giving full consideration. No final decision has been reached as yet as to the particular method or places in which that aim may best be accomplished. Personally I cannot think of a better means of making Canada's war effort known in the United States and elsewhere than to have our own press give a full appreciation of it. I believe the press of the United States obtain most of their information with respect to Canada's war effort from what appears in our own press. However I do see the necessity of having information from that source supplemented, and the government is giving attention to the best possible methods.

THE WAR

INTERNATIONAL SITUATION SINCE JUNE 14, 1941—CANADA'S WAR EFFORT

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, may I at the outset express to our friend, the Minister of National Defence (Mr. Ralston) our pleasure at his safe return from the strenuous and perilous trip upon which he embarked some weeks ago. I am sure all hon. members are glad to see him back looking so well. I hope he has not suffered any ill effects from a journey which I found to be somewhat difficult. I shall not say more than that.

Yesterday when the house was discussing the reasons for our being here I took occasion to place on record what was my understanding when we left here in June last. I had assumed as a matter of fact that when we resumed our sittings yesterday we would do so for the purpose of prorogation, and the opening of another session. For reasons which now appear as a matter of record, and which I have not challenged—because either course is satisfactory to me—the decision has been otherwise. I shall not traverse that matter again,

further than to say that while it may be difficult to regularize discussion at this stage of the session, without there being any specific proposals before the chair, there should not be the slightest appearance of attempt on anyone's part to choke off discussion or to close this part of the session in an unduly short period of time.

I am not unmindful, however, of the fact that this has already been a long session, not only in point of elapsed time but in point of time actually spent on the floor of the house. Unduly to prolong discussion merely for the sake of exchanging views and not for that of doing business, while it might add to the sum total of our information respecting the state of the country, the government's war effort, international affairs and the like, in my opinion would not be desirable unless we could accomplish something by so doing. I shall not say more on that point.

Yesterday afternoon we listened with much interest to a statement from the Prime Minister (Mr. Mackenzie King) in which he outlined to the country the progress of the war since we adjourned in June last, and reviewed the international situation. He dealt with the position of Russia, and aid to that country. He dealt with the position in the middle east and, quite properly in my opinion, with the increasingly difficult position which has developed in the far east, one which I know must be giving those in authority on this side of the Atlantic, as well as those on the other side, increasing concern. I think it was well for the Prime Minister to do that, because it drew to our attention a situation which is likely at any time to become increasingly menacing. I do not say that in an alarming sense, because I have no information on the subject matter. But I believe each of us realizes the importance of watching as closely as possible the situation which has developed on the Pacific front, if I may so describe it, a development due largely I believe to the change in government in the Japanese empire.

Then the Prime Minister gave us his conclusions. As a delineation of current history and of what has taken place since we last met, it was excellent in tone and style and was a fine portrayal of current events. But I must also say that it left me very cold. I was disappointed. I had hoped, and I believe the country had hoped, that after the Prime Minister's visit to England and after his conference over the week-end with the President of the United States, and after being so fully apprised, as he must be, of the international situation, he would have lifted the veil a little and told the house and the country what this government and our great neighbour propose to do about a situation which by his own account is getting more serious every day.

He warned us that every conceivable means by which freedom can be crushed is to-day being used by Hitler and nazi Germany. I agree. I am glad he gave that warning. And it is timely enough, because even after twenty-seven months of war I fear that Canadians are still too complacent, still not impressed with the dangers of the whole situation, and still sitting remote from the realities of what is occurring in this war-stricken world.

I do not know what more can be done than has been done by members of the government, by public propaganda or by whatever other legitimate means are available, to bring home to the Canadian people a realization of the seriousness of the situation. And yet I feel certain that it has not yet been brought home to them. I wish I could add something to the sum total of knowledge of the people of Canada respecting the seriousness of the situation overseas, and especially in Europe. I shall not say anything about the seriousness of the situation which may confront us from other theatres of possible war.

What the country had expected from the Prime Minister—what I had hoped for, at all events—was some stirring statement of what Canada proposes further to do to meet the menace delineated by him. I had hoped that he would announce proposals for measures designed not only to indicate a recognition of the steadily increasing danger of the situation, but to ensure that every conceivable step would be taken to aid in overcoming it.

It may be that during the course of this short part of the session the Prime Minister and his service ministers will indicate with clarity and with precision what more we should do; and I invite them to do so. But if the Prime Minister will tell the house that because of the necessity for secrecy, especially with respect to one aspect of this menacing situation, it is the view of the government that matters of high policy should not be divulged at this time, then I suggest that a statement to that effect should be made. The Prime Minister should make it clear that matters of high policy to deal with new and threatening menaces are under consideration by the government and will be revealed in due course. But unless some assurance is given I fear that the Prime Minister's message of yesterday will prove to be a great disappointment. I fear that it will be taken as additional evidence of lack of leadership. It must have brought cold comfort, not only to the members of the house but to the country generally.

I do not wish to take up unduly the time of the house; in fact I do not feel that I am capable of making any lengthy or extensive remarks, but I should like to give the house and the country a brief review of the trip which my colleagues and myself made to England in September. May I express to the Prime Minister and those of his cabinet who assisted us in making this journey to England our thanks for their intervention and for making the trip possible. I should like to thank the Minister of National Defence for Air (Mr. Power) for the valuable suggestions which he made to me during a call which I made upon him just prior to going overseas. Last, but not least, may I publicly give recognition to the civility and courtesy which my colleagues and I received at the hands of Mr. Massey, our high commissioner in London, and his charming wife. I think one of the best lunches that we had over there was the one we had at the officers' club, which I think is on Cockspur street, as a guest of Mrs. Massey, when she treated us to good old-fashioned Canadian pork and beans. Mr. Massey found himself perhaps a little restricted because our journey to England had been delayed and he had made other arrangements, but I do want to make this public recognition of his kindness to us while we were overseas.

Through the Canadian headquarters and the good offices of Mr. Massey it was made possible for us to meet all the members of the British cabinet whom we felt we should meet or could meet in the limited time at our disposal. Mr. Massey was good enough to introduce us to the Secretary of State for Dominion Affairs, Lord Cranborne, and from then on we had a succession of interviews with important cabinet ministers, some of which I shall mention and some of which I shall not. We had the high privilege of a most satisfactory interview with the Prime Minister, Mr. Churchill. Without question he is the national hero of the British people. Having listened to him speak in the House of Commons on September 30, I feel certain that he is giving the leadership that the British people require at this time.

We had the good fortune of having an interesting conversation with a former resident of my province, Lord Beaverbrook, the present Minister of Supply. This interview was just on the eve of his departure for Moscow. He told us many interesting things. We had the good fortune to have a conversation lasting more than an hour and a half with Mr. Ernest Bevin, the Minister of Labour. He told us in some detail of the activities of organized labour in Great Britain, and explained the situation which confronted the nation at the time the national government was formed, as well as the situation as it is to-day. I was greatly impressed by the strength of this dynamic gentleman, as well as with the strength of Lord Beaverbrook. The latter seems to get things done with such celerity as actually to astonish the British civil servant.

We had most interesting interviews with the service ministers, if I may use the term which we have developed in Canada, especially with the Secretary of State for War, an outstanding young man who recently joined the ministry and is now in charge of the war office. He has a most realistic idea of the conditions which confront that great nation. He gave us a great deal of information with respect to the British army at or prior to the outbreak of the war, after Dunkirk, and at the present time. We also had the opportunity of an interview with the foreign secretary, Mr. Anthony Eden, and with the three chiefs of staff.

These interviews lasted for nearly a week, and as a result of them we acquired a mass of information. In nearly every case it was distinctly understood that the information imparted should be confidential, and confidential it shall remain. Had it not been so understood, we could not have obtained as clear a picture as we did during the course of the ten or a dozen interviews which we had during that first week in London. This means that I cannot give the authority for any opinions which I may express about the position in England, nor should I be called upon to give chapter and verse as proof of any assertion I may make. I assume that this will derogate from the value of the impressions or the expressions of opinion which I may give on this or on other occasions. Be that as it may, I wish to make it perfectly clear that any expressions of opinion, or statements of fact on my part are the result of impressions that were gained in many quarters and are not to be considered as binding upon anyone over there. They will be mine and mine alone, and I must assume responsibility for them.

As a result of the kindness of Major-General Price Montague and Air Commodore Stevenson we were given every facility to see the Canadian corps and the Canadian divisions in England and some of our Canadian flyers. We came away greatly impressed by the Canadian divisions, especially the first division, which has been over there now for nearly two years. We had the advantage, my colleague and I, of a long and earnest conversation with General McNaughton. May I say, as a result of expressions which I heard fall from the lips

of many men, that General McNaughton occupies to-day a high and commanding position in the counsels of the empire, and very deservedly so. I want it to be known that every opportunity was given to us, having regard to the limited amount of time at our disposal, to see the things which we desired to see. I could regale the house with many human-interest stories and tales of things that happened while we were in England, such, for instance, as the thrill I felt at dining with a distinguished admiral in a mighty ship, lying in an historic port, and the kindly reception I received from a revered archbishop in a famous cathedral in England, and the prayers that he said for the strangers within his gates. I could not possibly ask the house to take the time to listen.

May I just tell the house about a Canadian boy from my own part of the country whom we saw at an airport in central England. He had been in a very difficult position during the depression years in this country in 1936 and 1937. He wanted to get into the Royal Canadian Air Force but did not have the necessary educational qualifications. He wanted to become what he is to-day, a great flyer. I could tell of his attempts to get into the Royal Air Force, and of how he wrote to England on his own account and was told that if he could produce educational qualifications equal to junior matriculation, then, other things being satisfactory and equal, he could come to England at his own expense and they might enlist him. He was able to produce the educational qualifications required, and he crossed the Atlantic to England, not as a passenger on a luxury liner but working on a cattle boat. He enlisted in the Royal Air Force in 1938. To-day that young man is a squadron leader. He bears on his breast, pinned there by his majesty himself, the Distinguished Flying Cross, for valour. He told me that he had been over Germany in recent months no less than forty times, and that he had often led his squadron over various countries of occupied Europe. So far he had come through without a scratch. I was exceedingly proud of that young man, and it will be no betrayal of emotion if I say to you that I myself breathed a humble prayer that he and the others like him might be preserved to the empire and to his loved ones.

I should like to make this further preliminary observation, and perhaps I should have done so before. We did not go to England with any idea of party advantage. We went there out of a sincere desire to learn at first hand what the situation was, and then to find out what more, in our opinion, Canada could do. I should also like to make this perfectly clear, that we did not go to England to disparage the war effort of Canada, and we did not do so. Let that be abundantly clear. No one will ever be able to say that either in private conversation or publicly did any member of our party attempt to disparage, in any degree, the war effort of our own country.

Neither did we go over there, and I want to make this equally clear, to misrepresent the attitude of the government of Canada. The government of Canada represents the people of Canada for the time being on a party basis, and whether we like it or not, the government of Canada speaks for the people of Canada not only here but over there. We in Canada, of course, have the right while here to make representations about the government's effort. But I assure the house that I did not by any word I uttered, nor did any of my colleagues, attempt in any degree to misrepresent the government of Canada while we were in England. We went over there at our own expense, outside of the mere item of transportation across the water.

Perhaps I am dwelling too long on matters of minor importance. At this point may I pay a simple tribute to the people of Britain for the spirit and courage they have demonstrated during all the adversity they have encountered during these two years of war. Make no mistake about it; the people of Britain, in certain areas particularly, have had one terrible time. They have suffered, and they have had fear instilled into them to a certain degree. Hon. gentlemen must have read the graphic story by Mr. Grattan O'Leary which appeared in the press the other day describing the bombing he encountered at Bournemouth. Luckily or unluckily we did not experience anything like that.

The British people, instead of being demoralized, as was anticipated by the Germans, by their experiences in the terrible blitz which was showered on them, especially last spring, have come through their time of trial more determined than ever that they will never be conquered. I pay tribute to the spirit of "no surrender" which animates every man we talked to, whether he was the highest in Whitehall or a humble dweller in the east end of London, in Poplar or Stepney, where we spent a whole forenoon looking at the damage that had been done.

No peace talk, no compromise, no deterioration of the race is in evidence there; and yet they are just as mindful, as I would have you be mindful, that the end is not yet. They are as sure as anything can be that when the

great conflagration that is taking place now on the eastern front is settled one way or the other, Hitler will return to the attempted invasion of Britain, and that invasion will be accompanied by a more terrible blitzkrieg from the air and from every available branch of German arms than the British people anticipated in days gone by. And they do not intend to be conquered or to be invaded. The last thing that Mr. Churchill said to us when we left him on a lovely Sunday afternoon was this: "Better to die than to be conquered, and we do not intend to be conquered."

What is the position in England to-day? They have recovered from the position that existed after Dunkirk. I should like to make it clear that we were given full information with respect to the losses on the continent at the time of Dunkirk. This may be a commonplace to most hon. gentlemen, but Britain had sent over to the continent the finest army that was ever assembled in England. We are assured of that. It was supplied with the best equipment that was ever assembled for an expeditionary force leaving England, and when, after Dunkirk and the fall of France, the cost was counted, it was found that practically all of that equipment had been lost. Very little was brought out. Fortunately through the efforts of the navy, the merchant marine and what not, they were able to bring out from France the greater part of the personnel of that army. But they lost in prisoners and wounded many thousands of the flower of that army, and they had to begin all over again.

I discussed this aspect of the matter with Mr. Bevin, and you will find that he made a statement with reference to it in a speech which he delivered in August, 1941, before the Trade Union Congress. It is therefore in no sense confidential. When you come to analyse the position between Dunkirk and Christmas, 1940, and what was accomplished between those two dates by the army, the navy, the air force and the merchant marine—about which so little is heard, but which has done so much—and also by the working people of Britain, is it too much to say, as Mr. Bevin said in the speech to which I am referring, "Verily, the civilization of the world was saved by reason of the opportunity for recovery given at that time."

I do believe that is the exact position. And while I mention the working people of Britain last, I should not like to have it thought that this indicates the measure of their achievement in connection with this resurrection of the equipment of the British army. Perhaps it should be placed first, because without the cooperation of the trade unions, of the labouring people of England, men and women, this would not have been possible. I pay them that tribute.

Britain to-day has its professional army—I will not say how many hundreds of thousands. This professional army includes the Canadian corps, and it is as well trained to-day for defensive purposes as it can possibly be having regard to the fact that all equipment has not been on hand all of the time. That professional army is a mobile force which constitutes the first line of defence against invasion. In addition there is the territorial army of two million men or more, scattered from Land's End to John o' Groats, and comprising all the services. You see them everywhere, at every cross-roads.

We were privileged to go into some of the coastal defence areas. From every headland, from every crag, on every beach, we saw these territorials, many of them officered by men who are not professional army men at all; and there they stand prepared against invasion. Together with the professional army they are to-day the army of Britain. But I would not have you think that that is all. In addition to that professional army, that territorial army, there is a vast army numbering literally millions in the employ of the state, some in uniform and others not, most of them men, many of them women, doing civil defence work of the utmost importance. Literally speaking there are millions of men and women forming the defence of Britain at this time, and because of the spirit of these men and women I am satisfied that invasion can never be successfully accomplished. Defence has been built up to a high degree of efficiency. The whole preparation has been marshalled for defence and not offence. That is the situation to-day, and I think that is as far as it has gone. I am not dealing of course with offensive operations in other theatres of war such as Africa and the near east. I am dealing only with the position of Britain.

There was borne in upon us one further fact, namely, that it is the general opinion in Britain that Britain cannot win this war by bombing Germany and occupied Europe. That I think is conceded, and once you concede it the effect is important. I do not wish to minimize the disruption wrought by the nightly attacks of our magnificent airmen. But even so, informed opinion believes that Germany cannot be defeated in that way. There is full recognition in Britain of the fact that the war cannot be brought to a decisive conclusion without the invasion of enemy territory.

Britain's main preparations and main objectives, the training of her armies, the

training of our Canadian contingents, have been largely if not wholly based on defensive tactics. To contemplate the invasion of Europe requires an entirely new conception of a total or all-out form of warfare. And what an heroic conception! Britain cannot possibly do it alone. With the united efforts of Britain, the dominions, our great neighbour to the south and all the democracies of the world, aided if you will by any totalitarian state that is willing to join us, even then the task is colossal. I do not like to suggest even for a moment that it is not possible, but it takes a stout heart to contemplate an invasion of Europe. Hon. members who are students of history will recall the days of the Napoleonic wars. Well, multiply Napoleon's strength many times and you have Hitler. Furthermore, in those days Britain had allies in Europe. What has she to-day? It is difficult to say she has any. What is the situation? Civilian populations unarmed and dominated by nazism—nazism in control of the entire European continent from the Pyrenees to Norway—yes, and if he wanted them, Spain, Portugal and all the rest. Continental Europe from the Atlantic to Russia is under his control. That gives the picture of the present nazi domination of continental Europe.

What is to be done about it? Well, I have no doubt that the battle of Britain will be won. Is that to be the end? I ask that question in all seriousness. I asked it in Britain, and the answer that came back was: No, that is not to be the end. But if it were the end, what flows from that? Hitler wins. In two years, five years, ten years or at some time the whole thing will have to begin over again. By that time he will have recruited his whole resources and will have only Britain and this north American continent to oppose him. That is the situation which confronts the whole world. It is appalling to think that this could be the end. That is not the spirit of Britain to-day. But to those who are clamouring for an invasion of Europe I say that in my opinion, to ask Britain to start a campaign in western Europe to-day is to ask the impossible. Russia will have to be aided, but in some other way. And Canada will have to do her part.

Now, what do they contemplate? They contemplate invasion—when or where or how I do not know; probably they do not themselves. What competent observers contemplate is this: a superior force of men, trained in offensive operations, equipped with offensive weapons, an overwhelming force, which, once established in Europe, will roll on irresistibly. That is the vision. That is what Hitler has to-day. They contemplate that they will have to have something bigger and better and more mobile. Once a landing is effected it will have to be supported by lines of communication by land, sea and air, which cannot be interrupted. That in itself is a gigantic task. That is not now possible, but it is their objective. It can be attained, as I said, only by the combined efforts of Britain, the dominions, our great neighbour to the south. Nothing less will suffice.

This super-force of men and machines is not yet in being. The conjunction of all these factors is not yet accomplished. It will take time and effort and much treasure and the best equipment and strategic ability that can be produced. I am confident that, gigantic as is the task, heroic as is the conception, the genius and will of the British people and their gallant allies, present and future, will accomplish it.

What of Canada and her contributions. We have in being or in process of development six divisions, some overseas, some in Canada, some well trained for defensive purposes, some not so well trained. The task of maintaining them at full numerical strength is for the government of Canada. So far we have a policy of voluntary enlistment for overseas service, with partial national service for home defence. I think that is a fair statement. Six divisions at this time is certainly not too many. Six divisions at the end of the second year, fully trained and equipped, would have been a fair contribution. Comparisons of course are odious, but we have to remember that we are stronger in numbers now than we were twenty-five years ago and stronger in potentiality. I am not complaining that so far we have set up only six divisions; I doubt whether we could have done much more, having regard to the equipment available. But will that suffice? If Canada's maximum effort and man-power is to be confined to six divisions, not all overseas, and a home defence army composed of drafted men, then possibly the voluntary system of recruiting will do. I doubt it, but we should hear from the minister just what the problem is with respect to recruiting—I intend to return to that later. My own view is—and I am giving it only as my own view—that if the invasion of the continent is to be successfully accomplished Canada must provide more than six divisions, must provide an ever-increasing volume of man-power adequately trained and equipped for the offensive. Is it not reasonable to suggest that these men should be provided now, should be enlisted at once, trained and equipped as soon as possible, as an effective fighting force?

When I say at once I do not mean to-day or to-morrow, but should not that be the objective of the government?

In a recent appeal for recruits after the June and July campaign the adjutant-general said:

> The war can be won only by man-power. Our army must have more and more men, the best and finest men of the dominion, trained to fighting pitch, skilled in the handling of every weapon.

Frequently and emphatically the Prime Minister has stated that the only way to wage total war is by total effort. With that we all agree; but does not total effort require the complete utilization of every resource in man-power as well as materials? Until every man available for service in the armed forces has been enlisted in the armed forces can we honestly claim a total effort? Recently the Secretary of State (Mr. Casgrain) made a recruiting speech, in which he said:

> Canada needs soldiers and needs them in greater numbers than they were needed in the last war.

If that be true, as I believe it is, then is it not obvious that our duty is to provide that strength now, or as soon as possible? In the last war, if I recall aright, the total number of Canada's enlisted men was 595,000. If, as the Secretary of State and I believe, men are needed in greater numbers than in the last war, I suggest that this is the time to enlist and equip men if we are to join in the invasion of Europe and help end the war. My hon. friend the Minister of Agriculture (Mr. Gardiner) made a speech, in the course of which, according to the Canadian Press report, he said:

> Canada can muster 1,000,000 men for the armed forces and still attain the necessary production in farm and factory.

That is a pretty high figure. My hon. friend was Minister of National War Services for a time, and I do not know of anyone who should better know our potentialities in regard to man-power. At all events that was his statement. If that be true—and I believe it is—is not this the time to muster these men? If we have a potential man-power capacity of a million men, how can it be said that we are now engaged in a total, all-out effort to win a total war when we have mustered less than one-third that number of men for active service?

This issue of man-power must be faced realistically. Total effort requires total enlistment at once of all available man-power, whatever system may be used to enlist them. At the bar of history Canada will be judged by the manner in which she responded to the challenge to provide man-power, not by the tenacity with which her government clung to any particular system of recruiting. Canadians have the same capacity for service and sacrifice as Britons. Canadians will not shrink from any service or sacrifice, and if this war goes on much longer they had better be prepared not to shrink, because it is going to get much worse, I think, before it gets better. Nor is it conceivable that they will fail to do their duty when the need for man-power is placed before them. Has not the time arrived when the government of Canada, in the light of present day conditions, in the light of what is contemplated for the future, should review the whole position in relation to man-power? I urge the government to do so, and at once.

That, I think, is the magnitude of the task that lies before Canadians. History teaches that victory depends upon a superior number of men, with superior training and superior equipment; and upon Canada falls a large measure of the responsibility for creating such a force in this war. Henceforth we must be guided by the strategy of offence. We must realize that the only defence against Hitler is attack. Wars are won not by defence but by attack; and if that attack is to be successful we must have superiority in every respect. That superiority can be achieved, but only if we use all our resources. So that my message to the House of Commons and the people of Canada to-day is that the salvation of Canada, of the empire and of the democracies, the defeat of Hitler, demands at once an infinitely greater contribution than we have made thus far; a greater contribution in material resources as well as a greater contribution in trained and equipped man-power. And I suggest that there is the opportunity of helping to create a force such as I have outlined, here in Canada.

Now I should like to put a query to the Prime Minister and the members of the administration. We have declared for a total war. What is the objective of the government of Canada? Neither the Prime Minister nor anyone else, as far as I can recall, has stated our objective in terms of material things or in man-power. Is the sky the limit, or has the government in mind an objective in relation to either of these things? The Prime Minister has spoken eloquently of a total effort for a total war. What does he mean by that? I think he should enlighten the Canadian people as to his exact meaning. Or are we to take his words at their face value? If we are to have a total war effort, what are the means to be adopted to bring it about? Can we safely rely on the voluntary system of enlistment, or should we not review the whole policy? What is the position to-day

with regard to voluntary enlistment? I have not before me the figures of the monthly quotas required, but I understand that the quota for military district No. 7, which is the New Brunswick district—and which I am proud to say has filled its quota at all times up to the present—is something like 450 men a month. I am speaking subject to correction, of course, because I have not verified the figures. But I am told that since this drive for recruits has been in progress that district has enlisted only a little more than half that number. I frankly confess that I am astonished at that. I had thought that New Brunswick, where there is no national war work of any consequence going on, would have been able to produce at least 450 men each month by the voluntary system, if the information which I have just given the house is correct. I regret it very much indeed. What is the situation throughout Canada? I am going to ask the minister if he will tell us, when he makes his statement, what are the monthly objectives, and a little later I will have some further questions which I shall leave with him.

Do we know what are our potentialities in Canada? In August, 1940, we had a national registration which cost us over a million dollars. So far as I know it has been used only for the purposes of the four months' training plan. Perhaps that statement is too sweeping; but do we know, in terms of numbers, what are our potentialities in regard to man-power for war, for industrial production and for agricultural purposes?

Now I want to make a personal reference. Recently I made a speech in Toronto. Perhaps it is a mistake to make speeches; I do not know, but that speech has been completely misinterpreted by the press. On that occasion I briefly referred to the question of compulsory national service and said that in my opinion it should not be treated as a political issue. At the moment it is not a party issue. At the moment it is no matter for party or partisan strife. It is too serious for that. At the moment—and I hope always—it is a national problem which we must all consider as Canadians, not as Liberals, Conservatives. In my view it transcends political or partisan advantages. That was the purport of the message I gave in Toronto. The crisis is now too serious for any party to endeavour to gain partisan advantage from the issue. This country must wage total war with a total effort. I went farther and stated that leaders of public opinion outside the house have a heavy responsibility resting upon them. It is their duty to make known their views to the country and to the government. Some of them I believe are accepting that responsibility. Leaders of public opinion outside the house can educate the public on this question without the risk of raising untimely political controversy, and I believe that they have a duty to do so.

I did not hesitate to make known my own personal views. I believe the greatest responsibility rests on the Prime Minister. As Prime Minister, as the representative of the people and as a Canadian charged with the responsibility of government, he should declare his position, and I invite him to do so. Will the Prime Minister give a clear and specific statement of his position, and tell the country how it is possible to wage total war without total effort? The responsibility is his and that of the government. If the situation is that we are in a total war and are to have a total war effort, then the duty of the government is clear, namely, to put into effect measures which will ensure the full utilization of all the resources of the country, for service in any capacity.

I had intended to say something about production, but I shall not weary the house on that score. Production in England is growing by leaps and bounds. I wish I could tell what was told to me by one of the cabinet ministers, but I cannot. I should like to say, however, that I appreciate now more than I ever did before the reticence which has been shown as to revealing terms of production. Of course we in this country were fed up with statements to the effect that production was well up to schedule, or ahead of schedule, and all that sort of thing. It did not mean a thing to us. But over there they made it quite clear that they do not release the terms of production, and I understand the reason for it.

I should like to have this thought made clear—and it was made clear by Mr. Churchill in the speech he made in the British House of Commons on September 30, to which I had the pleasure of listening—that aircraft production in the United Kingdom is to-day ahead of the best Germany ever had. I believe I can say that. To give anything in the nature of figures would be only a guess. I think I could give an intelligent guess, but I do not believe it would be right for me to do so.

Definitely, production of aircraft in the United Kingdom is as good as or better than Hitler has had at any time. That is the information I have. I am told, too, that that production will increase, and with the aid of our great neighbour to the south it will bring superiority. Mr. Churchill definitely declared in his speech that with respect to the channel and western Europe there is superiority in the air. That is the claim for British arms to-day.

May I at this point say a word about labour. Although I do not wish to speak at too great length, I believe it is time I said something in this respect. I have avoided saying anything in the house about labour because I did not wish to add to the difficulties of the minister or the administration in what must necessarily be a baffling problem. To-day however I am inviting the Minister of Labour (Mr. McLarty) to give the house and the country a clear-cut statement of the government's labour policy. I do not think we have ever had one. We have heard about numerous orders in council which each may construe for himself. My impression is that organized labour thought they were being handed a bill of rights, but instead of that they got a statement of principles without any legal effect. I now ask the minister to give us a clear-cut statement of the labour policy of the government, and to tell us what orders in council are in force and what have been repealed.

It is true that for the moment Canada is comparatively free from labour problems. I know of only two minor problems, one in my own province and one in the adjoining province. I should like also to learn from the minister whether the provisions of the recent declaration respecting wages are designed to do away with the policy of collective bargaining. And if there is to be a ceiling on wages, what about the bonus system, which is in effect an increase in wages? How will that react to the ceiling on prices, especially on food prices? It is a fact that food prices are on an uneven basis. To freeze them on that basis is to do a great injury to the agricultural population of the country.

I am a defender of the consumer, because I belong to that class myself. I do say to the government, however—and I may have something further to say about the wage policy later on, because I do not wish to take the time to say it to-day—that to freeze food prices at the uneven level of to-day is to do a grievous injustice to the primary producers in Canada, who have had a pretty hard time of it since the war began.

Mr. ROWE: And to production itself.

Mr. HANSON (York-Sunbury): Yes. The order in council making the provisions, it is true, indicates that these inequalities will be ironed out. What does that mean? It means simply that the fellow with the most push and pull will get farther, and the fellow who has not so much push and pull, or who has not the opportunity or the money to present his case, will get nowhere.

Mr. SENN: And he needs it most.

Mr. HANSON (York-Sunbury): As the hon. member for Haldimand (Mr. Senn) suggests, it is the man who is least effective in protecting his own position who needs it most. I agree with that entirely.

Perhaps the most satisfactory interview we had in England was with Mr. Bevin, who is now Minister of Labour and National Service. He was not in politics prior to the war, but was drafted to a portfolio when the national government was formed. I believe he entered the government from a sense of duty.

In a word, what is the position there? It is that organized labour has voluntarily forgone the right to strike for the duration of the war. I never thought organized labour would forgo the right to strike. On the other hand the association of employers in England has agreed that there shall be no lockouts for the duration of the war. Of course there are disputes. Minor disputes are referred to regional agents who conciliate between the men and the employers, and in that way settle the difficulties. This is done day after day. But any major disputes are settled by compulsory arbitration. I believe in a word or two I have stated the position of labour in England. What an example for Canada to follow—and, may I add, if I am not presumptuous, what an example for the great republic to the south of us! Is it not possible that some such arrangement as that could be worked out in Canada? I leave that suggestion with the government. I do not think you can do it on a party basis. I do not think you can do it without labour being represented in the government. I do not think you can do many of the things which I have visualized without broadening the base of this government.

May I suggest to the Prime Minister that if we are to have a total war effort he must broaden the base of his government and bring in men of national stature, men upon whom the people can rely. The people are naturally suspicious of a party government. The fellow on the other side will say, "Oh, they are Grits; I cannot trust them." If you bring in men of national stature and have a truly national government—I do not mean a coalition or a union government, but a government made up of national figures—the country will respond and support such a government through thick and thin. I return to that suggestion, and I should like the Prime Minister to give effect to it.

I had not intended to refer this afternoon to the reaffirmation by the Prime Minister, either when he was in England or shortly after his return, of his belief that an imperial

war cabinet was neither necessary nor desirable. I shall not refer to that now, but I may do so on a later occasion.

I think we should have from the Minister of Munitions and Supply (Mr. Howe), a full explanation of the gasoline situation and the gasoline conservation measures which are in effect in Canada. Such a statement is due to the country. I have not been critical of Mr. Cottrelle, but I was astonished to read a full page advertisement of the Joy Oil company not so long ago. The minister has stated that this has been referred to the Department of Justice for a legal opinion as to whether or not it was subversive or libellous. We have heard nothing more from him, and the gasoline situation in Canada needs clarification. I invite the minister to make such a statement. I do not want to seem critical; I simply feel that we ought to know just what the position is.

I wish to say something about price control. I think we all know of the evil which has been brought about by inflation at certain periods of our history. I have never been afraid of a degree of inflation in times of depression. From 1933 on, during a period of depression, our great neighbour to the south used a substantial degree of inflation in order to raise the price levels of commodities. Whether or not that had the desired effect I do not know. One of the things done by the leader of that country was to raise the price of gold, with the result that to-day the gold deposits of the United States are a liability rather than an asset. I think it will be agreed that the NRA failed in the objectives sought to be attained.

I think we all admit that in war time inflation may become a real danger, especially inflation in the prices of the necessities of life. But even in the wildest dreams I ever had I never thought that inflation could be controlled by legislation, or by orders in council, which are equivalent to legislation. The economists will tell you that the old-fashioned method of taking care of inflation was by having more production. What does that mean? Longer hours; more sweat and toil. No matter what the Prime Minister may resort to by way of legislation to prevent inflation, I suggest that the only orthodox method of dealing with inflation is more production, more labour, longer hours, and more sweat. They are sweating in England. Trade unionists over there are working twelve hours a day. They are nearer to the situation and to the scene and that is what they are doing. I suggest to the Prime Minister that unless he has the one hundred per cent cooperation of every producer, every tradesman, and every man interested in the exchange of commodities in Canada, this system cannot succeed. It is a great experiment and I hope it will work out successfully, because I know the dangers of inflation.

I trust that no word of mine to-day will be construed as being a condemnation of the objectives which the Prime Minister seeks; what I have to say is being said against the method and the manner of bringing it into effect. Why was it necessary only a few days before this house reassembled to legislate on such an important economic development by way of order in council? Could we not deal with a question of this kind? Are we so effete, are we so inefficient, are we so blind to our duties as members of the House of Commons, that we cannot be trusted to debate a matter like this before it becomes an accomplished fact?

I suggest to the Prime Minister that this is one more example of his contempt for parliament. I may be alone in holding that opinion, but we have had so many examples in days gone by that I now have a sense of frustration as to the utility of democratic institutions in war time, as practised by this government. What are we fighting for, their preservation, or their domination by regimentation? I wish the Prime Minister would take us into his confidence and tell us whose baby this is. Is it the product of the war-time prices and trade board? I do not think it is. Is it the product of the ministry? Of course the ministry must take the responsibility. Is it not the product of the brain trust with which this government has surrounded itself and which is running the country to-day?

I think the Prime Minister should have brought this matter before parliament in order that we might debate it. If urgency was important we would not retard it. The Prime Minister knows that whenever a war measure has been brought before this house—and this is a quasi war measure—and he has wanted it put through in a hurry, it has been put through. I received the order in council only yesterday afternoon after this house adjourned and I barely had a chance of glancing at it. I doubt if any hon. member has been able to give that order in council the intensive study that is necessary to an understanding of it. We understand its implications, but we do not understand all its ramifications. I suggest, therefore, that this matter should have been brought to the floor of this house where it could have been explained to hon. members. It could have been threshed out and truth would have evolved.

What were the serious economic circumstances which necessitated the Prime Minister's rushing into this action? We had a system of control before; how has it failed? How had the price situation got out of hand? In what way were economic circumstances in Canada more serious than in Britain, where the principle of fixing a ceiling only on certain commodities and allowing ordinary economic laws to operate with respect to the rest has been retained? Similarly in the United States.

The government should give us also a clear statement of the situation as it existed prior to the institution of price and wage control, and specifically a statement of the conditions which there was reason to fear had that policy not been instituted.

Price control does not meet the important problem of restriction of civilian consumption. Indeed, price control may well lead to increased civilian consumption, and the restriction on instalment buying will not curtail that sufficiently. The problem still remains of decreasing consumption of unnecessary goods, for two purposes: (1) the diversion of money which would be so used for the financing of the war effort, and (2) the progressive diversion of the plant and labour used in production of unnecessary consumer goods to production for the war effort. This problem has not as yet been faced with sufficient realism.

I wish to say something to the Minister of Finance (Mr. Ilsley) with respect to the proposals he made in his last budget for the vacation by the provincial governments of the fields of income and corporation taxation. This subject is one of great importance, not only in relation to our war effort but in relation to the effect upon the taxpaying public. It is important to municipalities which heretofore have looked upon this source of revenue to round out their budgets. What has been done? We are near the end of 1941. Some of us have paid our 1941 municipal income tax. Are the municipalities to be compensated, and if so, at what level? Is it to be frozen on the basis of 1940 or 1941? What is the position of the provinces? Has the great and wealthy province of Ontario agreed to the proposals, and if so, on what basis? What are the compensations proposed to be given to this and other provinces? May I request the minister to inform the house on these matters?

I should like to speak briefly on certain international problems. There is the important declaration of the Atlantic—one of the most momentous statements ever uttered by men in authority. When I first read it, I was reminded of President Wilson's "fourteen points". It bears a close resemblance, but after careful study I think it goes much farther. The principles enunciated have on the whole been well received by the democratic world. But I found on discussing the matter with certain people in England, with one or two leading personages, that every man has his own interpretation of the declaration of the Atlantic. If the statesmen of the world ever come into a round-table conference to work out the problems that arise out of the declaration of the Atlantic every nation will have its own interpretation, and that may be the weakness of it.

Over the week-end the Prime Minister made another journey to the United States. If it was a private visit to the president I have not a word to say, nor should I have. But if it had any international importance, the Prime Minister should so advise the country, and I invite him to do so. Are there any new commitments, and if so, what are they?

I do not propose, Mr. Speaker, to detain the house at any greater length this afternoon. It may be that later an opportunity will be provided in committee for a detailed analysis of government policy and its implications. We of the opposition will require clear, specific and detailed information on every matter associated with the war effort. For example, we desire to have a full and complete report from the Minister of National Defence (Mr. Ralston) on the following subjects, and with respect to him I must say that he should take all the time he wants to get ready to reply; for I realize how tired he must be after his journey. We would like to know from him:

1. The ultimate objective in man-power which it is hoped Canada may contribute.

2. The present state of enlistment in the army, and, specifically, the following:

(a) The total number of men enlisted in the Canadian army in all its branches since the outbreak of war.

(b) The total number of men now serving in all branches of the Canadian army.

(c) The total number of men attested for service overseas.

(d) The total number of men now serving in overseas theatres of war.

(e) The total number of men serving beyond Canada but not in actual theatres of warfare.

(f) A statement as to the number of rejections of enlisted men sent overseas, men whom this country trained in Canada, then took overseas and trained them there, and then rejected as medically unfit or likely to become unfit for service; and the reasons for their rejection.

How many were rejected because of bad discipline records?

3. We should also like to know from the minister the result of the recruiting campaign of June and July, and the results of the monthly recruiting campaigns, and specifically:

(a) The method by which the quota for the general recruiting campaign and for the monthly campaign was settled. Was it based on population figures in a given military district?
(b) The percentage which such quotas bear to the total population of military age within each military district.
(c) The actual number of recruits which each military district was required to raise in the general recruiting campaign and has since been required to raise each month.
(d) The actual number of recruits which each military district has raised.
(e) The actual number of recruits in each military district who prior to enlisting were serving in Canada under the National Resources Mobilization Act.

Then from my friend the Minister of Munitions and Supply (Mr. Howe) we desire a complete report on production. I do not suppose he will want to give us that after what I have said this afternoon, but I think he should give us at least a general survey of our production of all implements of warfare—tanks, guns, small arms, merchant vessels, naval vessels and so forth. We should also like to have from him an analysis in detail of the statement he made not so long ago that "we are now producing practically everything required by a fully equipped infantry division at a rate which enables us to equip a new division every six weeks." That, if true, is a remarkable statement.

Mr. HOWE: It is true.

Mr. HANSON (York-Sunbury): Then I should like to tell the minister this, with respect to certain guns which were delivered in England to the first division. The day we visited them they had been waiting months to get these guns. They had only got four out of a total complement of eight, and that was nearly two years after they had gone overseas. So that to say that "we are now producing practically everything required by a fully equipped infantry division every six weeks" is just too much for my credulity.

I have already referred to gasoline conservation methods. I would now ask the minister to give to the house a full report on gasoline conservation methods and a specific statement of the action contemplated to increase the production of petroleum products in Canada and what additional conservation measures may be necessary. I believe that the house and the country wish also to have from the minister a specific statement on the charges of the Joy Oil company.

Then from the Minister of National War Services (Mr. Thorson) we shall require information about the objectives of the government in calling up men under the National Resources Mobilization Act; about the enlistment of women in the armed forces, which will come to the fore more and more. Also we shall require information from the minister about the adequacy or otherwise of Canada's information services in the United States. I invite him to tell the house and the country the real truth, the real background of the resignation of Mr. Walter Zeller. Did Mr. Zeller in the course of his inquiry—and I have nothing against him—demand that he be given carte blanche on his own responsibility to spend the public moneys of Canada as, when and where he wished, without authority at all? Is that the true background? I do not know.

Mr. THORSON: The answer is no.

Mr. HANSON (York-Sunbury): Well, that is an answer. What then was the reason for his dissatisfaction, and why did he actually resign? The reason is certainly not in the innocuous statements contained in the two letters that passed between the minister and himself. They do not mean a thing.

I should like to ask the minister about a report that appears in yesterday's press of a speech said to have been made by Mr. Lash, the director of public information, as follows—and I quote from the report in the press:

> Public information has done some useful things, but like a number of other war departments it is entoiled in the meshes of the red tape of an archaic system of government.

Is that a true statement? I do not know. Personally I believe in the control of the treasury of the country. One of the things I had against my hon. friend the Minister of Finance (Mr. Ilsley) was that he departed in a degree, perhaps in a very large degree, from the well-grounded principles contained in the Consolidated Revenue and Audit Act. It may have been necessary—I do not know enough about the modus operandi to judge. But here is a man who is charged with the responsibility of directing public information, and he says that he cannot do anything because departments are enmeshed in the red tape of an archaic system of government control. I am not accepting the statement on its face value as true, but I think we should have the matter elucidated. Why did he say that? If it is not true we ought to know.

I should like to have the Minister of Trade and Commerce (Mr. MacKinnon) report in

due course on his visit to South America and on the present and prospective advantages which will accrue to Canada as a result of the agreements concluded. I have learned that he took in two banquets a day every day during the time that he was there. He is good if he can do that; it is more than I can do. I have read what the press had to say about the agreements and I think I have some small understanding of what they mean. May I ask him to inform the house whether these agreements will be submitted to parliament at this session for approval.

I have already indicated to the Minister of Labour (Mr. McLarty) that we should like to have a full report on the labour situation generally; and, concretely, may we have from him a full and complete statement with regard to the many unfortunate strikes which have occurred during the recess, particularly the strikes at Arvida, about which the Minister of Munitions and Supply (Mr. Howe) had something to say in the month of July, and also with regard to the position at Cape Breton and at McKinnon Industries. We shall wish as well to have an analysis of the implications of the new wage ceiling; and I believe that, in addition, the house will wish to have a brief summary from the minister showing the development of the labour policy since the outbreak of the war.

From the Prime Minister (Mr. Mackenzie King) I should like to have some report at some time on Canada's diplomatic position; of the results anticipated from the appointments of new ministers to foreign countries; of the work of the legation in Washington and of what it has accomplished to counteract the sinister influences which have been depreciating Canada's war effort in the United States.

These are merely examples of the information which we seek to have and to which we in this house and the people of this country are entitled. Certain newspapers have suggested that parliament may be peremptorily adjourned or prorogued without adequate discussion of the issues before us. After the survey which I have made and the suggestions I have offered, if the house is prorogued without adequate discussion I suggest that it will not be the fault of the official opposition. We desire to analyse every feature of our war policy, and every important government action directly or indirectly associated therewith. In committee is obviously the desirable place to conduct such an analysis, and I hope that ample opportunity will be provided—in fairness to the Prime Minister, I add that he has offered it—after the various ministers have made their formal statements to the house, or in between those statements, if that is preferable.

In conclusion, on behalf of those whom I represent, may I say that our one objective is now, as it has always been, to promote the greater efficiency of Canada's war effort, and we are prepared to sit here as long as we are of assistance in achieving that end.

Mr. MACKENZIE KING: My hon. friend and the house will realize that I do not rise at this time to make any reply to the leader of the opposition. This is not the proper moment at which to enter into a debate. In fact under the rules debate would not be permitted in reply to a statement made on the orders of the day. I rise to suggest that the house do now continue its sitting in committee of the whole so as to permit of that fuller discussion which, as my hon. friend has rightly pointed out, is most desirable, and to give to the acting leaders of the two groups an opportunity to make, before the statements of the ministers are presented, the statements they may wish to make. To that end I move, Mr. Speaker, that you do now leave the chair.

Motion agreed to and the house went into committee, Mr. Bradette in the chair.

Mr. ANGUS MacINNIS (Vancouver East): When the house adjourned on June 14, there was an understanding that it would stand adjourned until yesterday unless some urgent business came up or some important event occurred that would necessitate the reconvening of parliament. There may not have been any business that would come under that head, but since parliament adjourned on June 14 many things have happened, which, to me at least, have been highly disturbing.

I do not know whether the procedure we are now adopting is the best if we are to have an adequate discussion of the subjects that call for consideration. It seems to me that parliament should now be concerned with the question of how we can organize the will and energy of the Canadian people for more effective resistance to nazism and for its final destruction. I agree with the leader of the opposition that the Prime Minister's speech yesterday did not give much of a lead in that direction. As a story of the progress of the war, or of happenings since we last met, I have no fault to find with the statement made yesterday, but I find nothing in it that will inspire the people of this country to greater efforts or a willingness for greater sacrifice. During the course of his speech the Prime Minister said:

> Every conceivable means by which freedom can be crushed is to-day being employed by nazi Germany.

That is only too true, and because it is true it seems to me that the only way in which the democracies can successfully fight

nazism is by the continual and planned extension of freedom. In Canada we are not doing that. Our privileged classes, and our government, which appears to be acting at the present time for the privileged classes and only for the privileged classes, seem terribly afraid to get out of the old grooves or give up for the common good any long-held privileges. Since last we met, the war has taken a new turn; Hitler has invaded another country, a country with which he had made a non-aggression pact, a pact of friendship, in order to begin his war of conquest. Hitler has invaded Russia. Because of that move, no matter what inspired it, the people who are opposed to the nazis, that is, our allies in this war, have received the assistance of a powerful ally. All who are opposed to Hitlerism were glad to note, as the Prime Minister so well pointed out yesterday, that immediately Russia was invaded, and without any prearrangement, every leader of a government in the British commonwealth of nations, and some of our allies as well, hastened to assure Russia of every possible aid. It is indeed well that that was done. But I do not think it was due to generosity on the part of the people of the British commonwealth, it was merely the exercise of intelligent self-interest. Regardless of how Russia came into the conflict, she is now on our side, and I am indeed pleased that we are giving every possible assistance to her, as we must do, because in giving assistance to Russia we are helping ourselves.

I believe, however, that the Prime Minister must go a step further, even if only for psychological reasons. To-day I do not believe this government is taking psychology sufficiently into account, either in home affairs or in our relations with other countries. Russia is now our ally. She is also a great and powerful nation, as Germany has found out. If we are ultimately able to defeat Hitler and all he stands for—and God grant that we may—Russia will have an important part in making the peace and determining the new order that will follow. I therefore suggest to the Prime Minister that he open negotiations with the soviet government for the exchange of ministers or, if that is not the right phrase, start negotiations which would result in the establishment of diplomatic relations between Canada and the soviet union. Canada has now a representative in all the important countries of the world with which we have friendly relations, with, I think, the possible exception of China, and I believe the Prime Minister has already taken steps for the exchange of representatives with China. The Prime Minister should not be timid in this matter. Not only would it be, I believe, a popular move with the majority of the people of Canada, but it is a move that is indicated by the present war situation and also by the long-term political objectives of the war. We should try to get away from some of the prejudices which made it difficult if not impossible for us to appreciate and understand the growing power of fascism. It would be interesting indeed to know how much of the world's present misery is due to the mutual suspicion and distrust that have existed between the soviet government and the governments of some of the democracies since the revolution of 1917. In that regard I would point out two things that have happened since the beginning of the war which have had more effect on getting mass support for the war than everything else that has happened in the last twenty-six months. The first was the entry of representatives of the British Labour party into the British cabinet, after the removal of some of the appeasers; the second was the entry of Russia into the war. For the sake of our war effort, the future peace and the world order that we expect to build after the war, this change in the attitude of the masses of the people, not only in Canada but in all parts of the world, should not be overlooked. Therefore I commend to the Prime Minister the suggestion which I have made. The time to prepare for to-morrow is to-day, for our to-days are the results of our yesterdays.

The leader of the opposition referred to the labour situation. I wish also to refer to that, because, as I said, a number of things have happened during the recess which have greatly disturbed me. It should be obvious to the Minister of Labour and to the government that its labour policy has been and is altogether wrong. It has failed to get the support of organized labour, and proof positive that it is wrong is that there is not a labour organization or a labour spokesman in Canada that has not condemned the government's labour policy. I have tried my best to convince the Minister of Labour on that point during the last two sessions; I do not know whether I was helpful, but I tried to be, for I believe I know the mind of labour. I have given up trying to understand the government's policy. In my opinion it is definitely hostile to organized labour. Let me refer—and I use this as an illuminating example of the government's policy—to the dispute at the National Steel Car Corporation's plant at Hamilton, Ontario. I am referring to this case because it has received dominion-wide attention and also because, when the last strike took place at that plant, I wrote the Prime Minister and the Minister of Labour, drawing to their attention in terms as moderate, as sincere and as definite as I

could command, how the situation appeared to me. Neither the Minister of Labour nor the Prime Minister replied to my letter; all I received was an acknowledgment from a secretary. There may have been this excuse for the Prime Minister; he went overseas about then, and by the time he returned the matter was probably settled and forgotten. There may also have been some excuse for the Minister of Labour, because about that time other labour troubles called him to the maritimes. But I am referring to this case because in my opinion it shows clearly the impossibility of the government's labour policy securing the confidence and support of labour.

This dispute with the National Steel Car Corporation began on February 3, 1941, when the employees made application for a board. It went on and on until, toward the end of July, the employees went on strike for the second or third time. It will be remembered that in April of this year the government appointed a controller, Mr. E. J. Brunning, to manage the National Steel Car plant when the company refused to accept an interim report made by a conciliation board. I believe the appointment was unfortunate, because if there is one man in Canada who has no regard for organized labour and no sympathy with the aims of organized labour, that man is Mr. E. J. Brunning. At the time I congratulated the government on its action, but I am afraid I was a little too hasty in doing so. Three months later, in July, I found that the controller, who had been appointed by the government because the former management would not carry out the interim order of a conciliation board, had on the instructions of the government refused to enter into an agreement with the labour organization in that plant. On July 15 Mr. H. B. Chase, who at that time was director of labour relations in the Department of Munitions and Supply, made a statement with regard to an agreement between the controller of the corporation and the employees, I believe in a letter to the Minister of Labour, although I am not sure on that point. In any event the statement was made, in these words:

> I also stated to the committee that it was my understanding of government policy that Mr. Brunning could not negotiate with a union as a union or to sign an agreement with a union, but fair and reasonable conditions could be arranged for by regulations agreed upon between all parties.

That was on July 15. On July 22 the Minister of Labour, in a letter to Mr. C. H. Millard, who is Director of the Steelworkers' Organizing Committee in Canada, also made a statement, and I should like hon. members to note the similarity between the words used by the minister and those used by Mr. Chase. The minister said:

> I believe that you will understand that Mr. Brunning, as controller, could not negotiate with the union as a union, or sign an agreement with a union, but the regulations which are agreed upon between all parties should form fair and reasonable conditions under which the work of the plant should be carried on.

I do not listen very often to Charlie McCarthy on the radio; but almost every time I have occasion to deal with matters concerning the Department of Labour and the Department of Munitions and Supply, I am reminded of Charlie McCarthy and Edgar Bergen. May I ask why Mr. Brunning could not sign an agreement with the union, as a union? Is there any reason why a government-controlled industry cannot recognize a union and sign an agreement with it? If a government-controlled industry cannot enter into an agreement with its organized workers, then I ask, what becomes of collective bargaining? How are you going to carry on collective bargaining in any government-controlled industry? I want to point out to the Minister of Labour and to the Prime Minister as well, because he is responsible for the acts of his ministers, that in June, 1940, the government passed an order in council stating that they were in favour of the principle of collective bargaining. What becomes of that order in council as far as the National Steel Car employees are concerned? What becomes of it as far as any government-owned or government-controlled industry is concerned, if the Minister of Labour can say over his signature that the manager of that industry cannot enter into an agreement with the union as a union? These are questions which must be answered, and it seems to me they are going to be very, very difficult to answer.

Later the matter was settled; but the Minister of Munitions and Supply, who evidently runs the Department of Labour as well as his own department, was not satisfied with that situation. We find him taking the position that any number of different organizations can be recognized in any one industry. I claim that by this action, by making this statement, by taking this position, the government, through the Minister of Munitions and Supply, is fostering a company unionism, making it impossible for the workers to organize and stabilize labour relations in industry. I want to say most emphatically that by this action, instead of making for peace and harmony in industry the government is making for strife and confusion. I want to know how they are going to carry on in future, because we are not going to get the support of organized labour

or of the working class in general if we are to have such authoritarian methods applied as between employers and labour in industry.

The leader of the opposition referred to the labour situation in Great Britain, and said that labour had given up the right to strike. Strikes do take place in Great Britain, but they do not have the situation we have here. They do not have conciliation and arbitration on the question of union recognition. That is not a proper question for either arbitration or conciliation. So far as union recognition is concerned, all that should be necessary is that the union is a recognized union, that the majority of employees in a particular branch of industry are members of that union, and want it to act as their bargaining agent. That being the situation, the recognition of the union should be automatic, and should not be allowed to go to arbitration or conciliation.

The leader of the opposition referred to the Arvida incident. In my opinion the Minister of Munitions and Supply grievously erred in that matter. I understand the Arvida workers have asked for an apology from him for having described the trouble as subversive action with intention of sabotage. In my opinion not only are they justified in asking for an apology from the Minister of Munitions and Supply, but they are also justified in asking for an apology from the government, on whose behalf the minister was speaking. Either that, or the government should repudiate the statements made by the minister.

A royal commission was appointed to look into the charges made. A report from which I shall quote was tabled yesterday. It will be borne in mind that the Minister of Munitions and Supply described the difficulty at the plant as attempted sabotage, and on that basis the military were brought in to deal with the situation. On that basis also an order in council was passed giving the Minister of Munitions and Supply power to call the military whenever in his wisdom he thinks the situation warrants it. Although I have not the order before me, my memory is that that is the purport of it. The report of the royal commission on the Arvida matter states in part:

> The evidence from every quarter indicates an entire absence of any subversive or hostile influence contributing in any way to the strike, and testimony to that effect and of the total absence of sabotage, actual or intended, was forthcoming from the Royal Canadian Mounted Police, the Quebec provincial police, the municipal police, the Department of Labour at Quebec, Mr. LaBelle the security officer, the senior officials of the company, as well as various foremen, superintendents, et cetera. Similar testimony is also forthcoming from Mr. Daris and Mr. Picard, representing the syndicate. Moreover, this testimony is strongly confirmed by the fact that the strikers were in complete possession of the premises for several days and absolutely no damage was done, though every opportunity presented itself. It seems clear beyond question that labour conditions alone were at stake.

It is also clear that had the Arvida plant been properly organized, with constant communication between representatives of the employees—business agents, shop stewards, or whatever representatives may have been chosen—and the management, the strike would never have taken place. If we are to have democracy in government and harmony in industry, labour must be organized, and must be recognized as a partner in industry.

Quoting again briefly:

> There was no trace of latent or developed sabotage, in the sense of hostile or subversive influence, apparent at any time. The strike was one relating to labour conditions and pay, and which might have been avoided possibly had there been better provision against such an emergency.

Since the order in council passed at the request of the Minister of Munitions and Supply, enabling him to call in the armed forces of the country on occasions of this kind was based on false information, will it now be rescinded, or will the government continue to make use of it and to hold it as a club over the heads of other workers? Will they do that with an order in council which was obtained under false pretences? That is a question the government should answer.

I suggest again that the Prime Minister has a responsibility in the matter, because he is responsible for the acts of his ministers. During the recess an order in council was passed making sure that before a strike is called the employees in a plant or industry have by a majority voted in favour of such strike. Penalties were provided. Then, almost every month some order in council is passed for the regulation and restriction of workers in industry. I should like some time to see the government pass an order in council which would affect employers as a group. I should like to see it pass an order in council, or some sort of ordinance, to bring a sense of social responsibility to the minds of some of our employers.

I believe a conciliation board asked for by miners at Kirkland Lake has reported to the minister. What is the situation there, and what is the government going to do about it? What is the Department of Labour going to do about it? I wonder whether the Minister of Munitions and Supply will have an order in council passed permitting him to call out the military at Kirkland Lake mines to deal with the employers as he dealt with the workers at Arvida? I have before me excerpts from

the report of the conciliation board in the Kirkland Lake mines dispute. On that board Mr. Justice McTague acted as chairman; Mr. F. Wilkinson, K.C., was the nominee of the company, and Mr. J. L. Cohen, K.C., the nominee of the union. The report is unanimous.

But before the board was able to report, the company washed their hands of the matter and said they would have nothing to do with the report. They said they did not care what report the board made, because they intended to ignore it anyway. What does the government intend to do in those circumstances? Is there to be one law for employees and another for employers?

In part the report states:

> No attempt was made by the employers to establish that the particular local did not represent the majority of the employees. No evidence was offered by the mine operators to establish that the union is not a proper union to represent their employees. The assertion was made that it is irresponsible and that the operators were unalterably opposed to bargaining with it, but no evidence of real value was offered in support of the proposition.

That was the unanimous finding of the board. It seems to me that those who were irresponsible were not the employees. They simply took advantage of all legal formalities in order to get a settlement of their case. The report goes on:

> At a comparatively early stage in the proceedings counsel for the operators informed the board that his clients were unalterably opposed to recognizing the union and wished to withdraw from any further participation in the proceedings.

The board goes on to say:

> In the circumstances we feel there is no other course to follow but to recommend that the union in question should receive recognition as bargaining agent. We are under no illusion that the recommendation is likely to be more than a mere formality. The manner in which the case for the mine operators was conducted leaves little if any doubt on that proposition.

I ask: What do the government intend to do? Will they take action against the employers if a strike takes place, or will they leave the men to fight out their case with the employers? It is possible that the employers have decided that gold is not particularly essential at the present time and therefore they may be able to starve out the men. I want to know what the government is going to do about the matter. Is there to be one law for employers who defy the government and the laws of the land and another law for workers in industry? This is why every gathering of labour, why the latest conventions of the two large organized labour movements, why every spokesman for labour condemn the government's labour policies.

When the house met yesterday the Prime Minister said that there was no business to bring before us, but that we would have this opportunity of discussing any matter which might arise out of the reports to be made by the various ministers. It is exceedingly strange that a man with his background and experience and who has made so many protestations in favour of parliamentary control should act as he has with regard to matters of such importance. I agree whole-heartedly with what the leader of the opposition has said. Just on the eve of the reconvening of parliament we have had placed before us two orders in council of the utmost importance. They come to us as ukases, as decrees by the government. It seems to me that this is a peculiar way of having parliament decide important matters. I have in my hand the text of a radio broadcast which the Prime Minister made on the night of October 18. This was printed and distributed by the director of public information, under the authority of the Minister of National War Services. I should like to quote briefly from this report. After making some brief remarks about the war situation on the Russian front and in the far east and the necessity of Canada doing everything within its power to organize for the defeat of nazism, the Prime Minister said this:

> I am, therefore, going to speak to you to-night about an action which the government proposes to take in connection with conditions within Canada. I believe that what is proposed will vitally affect our war effort, because it will affect every man, woman and child within Canada.

I am going to skip the next paragraph now, but I shall come back to it later on. I quote:

> It has to do with the price of goods and services, and the price of the products of land and sea. It has to do with wages. It is of the greatest importance to every citizen in Canada, and of particular importance to every housewife, every worker, and every farmer. It will affect the daily lives of each one of us. It will require the cooperation and support of all. It will help to intensify the effort of this country in war. It will help to prevent a repetition of distress and depression after the war.

These orders in council come to us on the morning that the house reconvenes and yet, according to the Prime Minister, there is no important business to be placed before us. We do not get this measure in the form of a bill, the principle of which we might discuss on the second reading and then refer it to a committee or discuss it in committee of the whole before agreeing to the third reading. That is not done. The paragraph which I did not read is really a gem, that is why I saved it until the last. The Prime Minister said:

The action which I am about to explain represents an experiment hitherto untried on this continent, and perhaps having regard to its breadth and variety, hitherto untried by the will and consent of any free people anywhere.

May I ask whose will and consent was asked? In his broadcast the Prime Minister said that this had to do with wages. May I ask if the workers or their representatives were asked about this? He said that it would affect the products of land and sea. May I ask if the fishermen were asked about it? May I ask if the farmers or their representatives were asked about it?

Mr. HANSELL: Ask if Mr. Towers was asked about it?

Mr. MacINNIS: He went on to say that it was of particular importance to every housewife. May I ask if the housewives were asked about it? If so, how were they asked about it? As a matter of fact the members of parliament were not asked about it. The sovereign body in Canada was not asked about it. A ukase, a decree is handed to us and we have to accept it.

That is not quite good enough. The subject matter of the order in council freezing wages and the order in council freezing prices should certainly have come before this session of parliament. Surely those are proper subjects for the representatives in this house to discuss and come to a conclusion about. Matters such as these should be dealt with by acts of parliament and not by orders in council. If they are going to come to us as orders in council, what is the use of calling parliament together? What is the sense of having a House of Commons? I may tell the Prime Minister right now that it is time he took control of things and saw that parliament does get an opportunity, if not to decide, at least to discuss matters which now by order in council become the law of the land before we know anything about them.

My time is almost up. In my opinion P.C. 8253, which is the order freezing wages, to use the common phrase, does not go far enough. It takes into consideration only the workers. From a psychological point of view, if for no other reason, it should also apply to salaried people and executives. I came to Ottawa on a train filled with servicemen, navy, air force and army, and I just wish the Prime Minister could have sat in the smoking room and listened to these men, without their knowing who he was. He would have got an earful and an eye-opener too. Unfortunately I am not a good mixer with strangers, so I just sat and listened, and I heard plenty. I heard half a dozen or a dozen of these young men say something to this effect: We are in the service now because Hitler has to be defeated, but we are not looking forward with any degree of pleasure to the time when we shall come back because, while conditions are bad enough now, they will be terrible when we come back. They had no confidence that the men who are governing Canada at this time would use in peace time the powers necessary to provide the people with the necessities and comforts of life. The government must get over to the people of Canada that it will use its powers to provide these necessities and comforts in peace time before it can hope to have a war effort that will have the heart and soul and mind and the will and spirit of the people of Canada behind it.

If the government is going to put a ceiling on wages it should, as a matter of course, put a floor under wages. I agree with what the leader of the opposition said this afternoon with regard to the farmer. Most of our farmers are in a terrible plight to-day, and freezing prices will not help the farmer until something is done to raise the prices the farmer receives for his products to a parity with the prices he has to pay for what he has to buy. If you do not do that, you are going to have an impoverished peasantry in this country before very long. I have marvelled how the morale of the farmers has stood up through all these years. It has up to now, but there is a breaking point somewhere.

In conclusion, I regret that the Prime Minister did not see fit to make this a real session and that he did not bring these matters to which I have referred before parliament for discussion before action was taken. As the leader of the opposition has said, we have amply demonstrated during the last two years that we would not hold up or delay unduly necessary legislation.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. E. G. HANSELL (Macleod): In the absence of the house leader of this group, perhaps it falls to my lot to say a few words in this discussion. It was a kindly gesture on the part of the parliamentary association to take over to England half a dozen members of this parliament including the leader of this group and the leader of the Cooperative Commonwealth Federation. It will be a happy day perhaps when we can all take wings and fly away.

I do not know what advantage trips of this kind may be to parliament. I trust that these

men will bring back to us some valuable information so that we may be able to understand better the situation as it exists between Great Britain and ourselves so far as Canada's war effort is concerned. I trust that these gentlemen will have an opportunity to have personal interviews with our boys over there, with Mr. Churchill, with the high commissioner for Canada in London, and with some of the labour leaders and other great leaders in Britain. I shall be disappointed, we shall all be disappointed if their trip turns out to have been nothing more or less than a Cook's tour.

I believe that we in this corner of the house are perhaps more concerned about the war effort as it relates to Canada right here at home. I am neither discouraging nor disparaging any gesture which the parliamentary association might care to make towards members of this house. As I said, I thought it was a kindly gesture and I trust that their trip will prove valuable. Nevertheless the thing that we want to know is, what is Canada doing right here and now for the defeat of nazi aggression? I was disappointed with the Prime Minister's speech yesterday. Perhaps I expected too much when I hoped that he would tell the house exactly what Canada was doing and what Canada's position was in relation to world affairs to-day.

We listened to what the Prime Minister had to say about Syria, Russia and Germany; we listened to what he said about the Netherlands, China and Japan; we listened to what he said about the United States; we listened to the numerous quotations which he gave of speeches that had been made by the President of the United States. But we listened in vain for that which we had come here to hear, namely, what Canada is doing here and now. I felt that had it not been discourteous I should very much have liked to rise in my place and ask the Prime Minister to come to the point. Instead, we listened to that which we can read any day in the newspapers and in the periodicals of the country. I know that the Prime Minister's speech was couched in laudable, well-pleasing terms, and as a review of world affairs since the commencement of the war it was commendable. But it seems to me that we did not get what we were looking for.

In this regard I am going to compliment the leader of the official opposition upon his speech this afternoon. As he told us of his visit to Great Britain I felt that what he was saying was something along the lines of what the Prime Minister should have said yesterday, and other members I believe feel similarly. In fact, at the tea-table a little while ago some of my friends remarked to me that perhaps Mr. Brockington got mixed a little bit in his mail and mailed a speech to the wrong gentleman. Well, I hope that we shall learn from the ministers of the crown what we are really doing in Canada to-day so that we can go back to our constituencies with the conviction and profound belief that Canada is making an all-out war effort to defeat nazi aggression.

As I said, it may be all right to go over to England to discover some of the things that are happening there; it may be all right for the parliamentary association to take members of parliament over, so that they may see things at first hand. But I maintain that it would be much more in keeping for this government to invite members of parliament here to look over the situation seriously as it exists in this country. There is nothing that would restore confidence in our war effort more than for the government to say to all members of parliament: "Here you are, gentlemen, here are the keys to our war effort in Canada." I cannot think of anything that would more quickly remove any possible dissatisfaction than for this government to say to members of parliament: "Here is a free pass to go wherever you want in Canada, to go into any war industry, into any building, into any military camp or depot, on any ship or into any shipyards, or into any place that is manufacturing munitions, to ask them all the questions you like. Go in and make yourselves at home, and if you can discover anything that will help our war effort come back and tell us and we will consider it." That is the sort of thing that should be done. Instead, what do we find? Even members of parliament who are supposed to represent the people of the country find it a little difficult to get into some of these places.

An hon. MEMBER: Did you not get a card?

Mr. HANSELL: We did get a card some time ago from the commissioner of the Royal Canadian Mounted Police to enter any public building. But that is not what we want. We want the government to say to us, and I think the government should say to us, "This is a war in which all Canada is engaged." It is not a Liberal war effort; that would not be an all-out war effort. This is a war effort in which we are all concerned. During the national registration we were all called in to help; the Minister of National War Services sent us circular letters and called upon us to do this and that. At first my impression was that he was calling upon members of parliament to go into the junk business. Now I think a little differently. I believe the matter of salvage is a very good thing, but as to going

any further than that—"Oh, no, members, you must keep out of it here; you are not wanted in here."

Mr. DONNELLY: Who told you that?

Mr. HANSELL: You can go around this country wherever you like—

Mr. DONNELLY: There is no trouble at all in getting into any place.

Mr. HANSELL: My hon. friend is a good Liberal; perhaps he does not have any trouble, but the rest of us do. What I am saying is that such a gesture on the part of the government would stimulate confidence in our all-out war effort. Answering my hon. friend's question, let me tell him that when the special parliamentary committee on war expenditures was sitting I brought the matter up in that committee. When we, as members of the committee, whose duty it was under the terms of reference to recommend to the government where economies could be made, asked for a pass to permit us to go wherever we wanted we were told that would not do, that we could not get such a pass—

Mr. DONNELLY: You must have looked suspicious to them.

Mr. HANSELL: Now there is criticism, we hear it on every hand, that the game of politics is being played in connection with our war effort.

An hon. MEMBER: It is not so.

Mr. HANSELL: All right. If that criticism is a lie that lie should be nailed, and nailed so hard that it will never live again. There is no better way to nail that lie than for the people's representatives to be given absolutely free course in this country. We do not ask to know the nation's military secrets, but we do say that when the people of this country are spending billions of their own dollars they have a right to expect their own representatives to have free course in knowing where and how their money is spent.

I wonder whether the people of Canada are satisfied that Canada is putting forth its maximum war effort. I do not think so. In the statement made by the Prime Minister yesterday he said these words in referring to the war and nazi aggression: "Every conceivable means by which freedom can be crushed is to-day being employed by nazi Germany." We believe that, we know that. We would have known it had the Prime Minister not said it. But how much better would it have been if the Prime Minister had changed one or two words there, if he had been able to say, "Every conceivable means by which freedom can be preserved in the world is to-day being employed by the people of Canada." I know that it has been no easy task for this government—or any government as far as that goes—when war broke out to start at scratch and get the whole country organized for a total war effort. It has been a big task. But now over two years have passed away. Why did we have to start from scratch when war broke out? The answer is very easy: we were told in the preceding years that we had no money. It should be noted that in those pre-war days the heads of our government were forced by their financial ties to allow conditions to drift through the years of destitution with belt-tightening in the midst of plenty as a declared policy; thus there was utter failure to solve those pre-war problems. To our tremendous discomfort they are continuing with the same policy and the same financial ties blunderingly to wage war against Germany. I find the feeling abroad in Canada that we are tinkering with our war effort. That may be denied in some circles, but many people to whom I have talked believe it. For instance, the calling upon school children to take their candy money to school so that every few days the class can buy a war savings stamp is nothing to be proud of.

Recruiting is a very live subject to-day, it was referred to this afternoon by the leader of the official opposition. It is not much to be proud of having officials go through the country gathering together staff officers and other prominent citizens, throwing a banquet, and then giving them a kind of sales talk as to how to get men in the army. We are supposed to be fighting an all-out war. As I stood on the street corner of a certain city not many months ago, a recruiting campaign was going on; there was a little stage set up on the street; a band was playing; some speeches had been made, and the young folks were having a dance on the street. A spotlight was playing upon those who were dancing; that spotlight was thrown upon a young chap in civilian clothes who was dancing with his girl friend, and from the loud speaker came some suggestion to this young chap about enlisting in the army. I say that such tactics in the endeavour to mobilize this nation for an all-out war effort are nothing to be proud of.

A little over a year ago we had a national registration. The people thought we were really getting down to business. At that time it was believed that we were to register everyone, so that each could serve in his rightful place. To my mind that was just a million dollars practically wasted. The country really responded; various organizations, young people's societies, soldier organizations, service

clubs and even church organizations throughout the country gave freely of their time and energies during that registration. But what did we get for it? It is true that we answered a number of questions, one of which was "Can you milk cows?" Well, there is one satisfaction; we know how many men and women in Canada can milk cows. I wonder whether we know exactly how many mechanics there are in Canada to-day, and where they are.

Mr. JOHNSTON (Bow River): The government say there are none.

Mr. HANSELL: Well, there should be; during the last ten years we had plenty of time to train them. Do we know how many welders there are in Canada to-day, and where they are? Do we know how many chemists and engineers there are in Canada? Do we know where they are, so that we could go to them and say, "Here is a job waiting for you. Do you think you can serve your country better by taking it? We will pay you a fair salary." I wonder whether we could do that, as a result of that national registration. Last session I heard someone—I think it was a member of the government, although I am not sure of that—declare that we did not have the skilled workmen we should have in this country. I believe that should be considered a disgrace to a government that was in power for the ten years preceding the war, when young men as well as older men were without employment and could have been trained to be of service during the war which at that time was impending.

Over two years have passed since the outbreak of war. Soon after the war began we passed what was known as the National Resources Mobilization Act. At that time this group fought in this house for the mobilization of the whole country in a total war effort. We said the first thing that should be mobilized and used, so that there might be no restriction on our production, was the banking system of this country. Hon. members will recall that at that time we offered an amendment suggesting that the Bank of Canada should perform its proper function in supplying the necessary means of payment, so that the government should not be restricted in its war effort. At that time we were told by the Prime Minister that the amendment was not really necessary, because it was already embodied in the bill. We were told that the mobilization of material and human resources meant also the mobilization of the financial resources of this country. Well, Mr. Chairman, I wonder whether that is true. I say, I think, without fear of contradiction, that there has been no change whatever in the banking policy of this country since the beginning of the war. Banks are still creating credit as they did before the war and as they have always done; and they are creating it as a debt to the nation, with added interest.

Speaking of an all-out war effort, I said that I was conscious of the fact that it was a tremendous task to organize this country for a total war effort, and I am going to commend in some small degree the work that has been done in the past two years by some members of the government. But we cannot say to-day, even after two years have gone by, that Canada is experiencing a total war effort. The other day I picked up a newspaper, but before stating what I read in it let me suggest that the bureau of information, which is under the sponsorship of the government, should be just a little more clever. I do not believe our propaganda machine, if I may call it that, is working effectively. The headline in this newspaper stated that the Germans were within seventy-five miles of Moscow, that they were hammering at the doors of that city. I turned over the pages of the paper and noticed an announcement by the bureau of information that the Minister of Munitions and Supply had said we were now making tanks in Canada, and that we hoped to be able to supply at least one hundred tanks to Russia by Christmas. Here were the Germans hammering at the doors of Moscow, and our total war effort for two years had brought us to the point where if the Russians were able to hold out until Christmas, we hoped to be able to supply them with one hundred tanks. I say that even though the government had to start from scratch when this war commenced, very much more could have been done if this whole problem had been tackled by mobilizing the resources, particularly the financial resources, of this country. When I say that, I mean that this group, as should be well known by now, has in mind the mobilizing of our banking institutions so that there may be no restriction whatever on our war effort; and I am confident that if this had been done our experience would have been vastly different.

Instead of that we find our people to-day wondering whether or not they are justified in fighting to make rich men richer. We speak of bonusing industry and of bonusing labour. I have no particular objection to that. I do not believe anyone could have anything to say against the labourer getting paid in proportion to the increase in the cost of living.

Speaking of recruiting, we have heard nothing about the dependents of soldiers being equally bonused on account of the rise in the

cost of living. If we are to call upon our young men to volunteer for service, we must show them that they will get a fair and square deal in Canada, one commensurate with the deal everybody else gets. We have heard nothing about the bonusing of soldiers' wives and soldiers' mothers, or other dependents.

In our travels we have heard something about the word "conscription." I do not like the word. Nevertheless it is one that is being used, and used more extensively in some parts of the country than in others. I read in the press the other day where even the leader of the official opposition had referred to conscription. This article, which appeared in a Winnipeg paper, was headed, "Hanson says public, not political party, may ask conscription." Then, in the article the leader of the opposition is reported to have said:

> I have studied it from every angle. If it were put to a plebiscite I do not know what would happen.

I do not think it is going to be put to a plebiscite. If it were put to a plebiscite I would suggest that all parties be called in to discuss what the people were voting for. I would suggest that they be asked something like this: "Do you believe that the maximum war effort can be reached by the conscription of man-power for overseas service, if at the same time we do not conscript the banking system of Canada?" I think I know what the answer would be. Or, we might say, "Are you in favour of the conscription of Canada's man-power for military service, without first conscripting the banking institutions to create and provide the necessary means of payment?" I think I know how the people would vote on a question framed in those words.

Let me suggest something quite fundamental to the success of our war effort. It is all very well to talk about the mobilization of material resources. It is all very well to talk about the securing of raw materials. It is all right for the government and others to talk about getting the country organized for a total war effort. But there are other vital points which must be taken into consideration and, in my opinion, the most vital factor of all is the Canadian people.

I am going to suggest that there are two points which are most vital. First, the nation must know the seriousness of the situation. Yesterday the Prime Minister attempted in some degree to show the seriousness of the situation. But it cannot be described in high-toned or platitudinous phrases. They must know the danger, and must realize how close these dangers are. Second, the people of Canada must realize that the things we possess are worth fighting for. I do not believe that a large proportion of our people realize this point fully, and I am going to suggest that there is a reason for that situation. It seems to me that the people are asking whether or not they are fighting for a new order. I believe the government is all wrong in the psychological foundation of its presentation of this matter to the people of Canada.

What does the government talk about? Government officials come round telling us to prepare for the aftermath of the war. They tell us that after the war we may have to come down to a lower standard of living—a tighten-your-belt policy. They tell us that after the war they hope the national income will be large enough to warrant paying off our huge debts. The question the people of Canada are asking is whether we are fighting for a new day or the return of an old day. This afternoon the hon. member for Vancouver East talked about comments he had heard while travelling east on a railway train. All hon. members have heard similar comments. I heard one young soldier say that when the soldiers came back they were not going to lay down their guns until they were perfectly sure they were coming back to a Canada worth living in. I did not say anything to that young man; I believed that perhaps his statement was a sort of idle boast. But that is what young men are thinking about.

On another occasion when I heard one of the young men of my acquaintance speaking in that way, I said, "Now, young fellow, do not fool yourself, because those who are at the helm to-day are telling the people of Canada to prepare for economic disaster after the war." I said, "When you come back you will be in the very same position as the soldiers who returned from the last war." I said I was old enough to remember with intelligence what was said at the time of the last war, and to remember that the soldiers who fought in that war said the same thing.

But what happened? We all know what happened. I say that if fundamental changes in our economic system are not made before the war is over, this nation will be plunged into a state of despair similar to that through which it has passed in the last ten years. That is the natural result of the present economic arrangement.

The government is continually reminding the people of possible post-war stringency. Only the other day the director of public information came out with a similar statement. That sort of thing is no good. We have to fight for something worth fighting for. We know what freedom means. But to many men freedom does not mean as much as it does to some of us. We recall what happened a few years ago when the men boarded the

train at Vancouver in an effort to come to Ottawa to present their grievances to the government. We know, too, what happened at Regina. It seems to me that the young men of that day were fighting for a freedom; they were fighting for economic freedom. They were not fighting with clubs or guns, they simply came down here to interview the government and to see what could be done. There has been no change in our system, and the results after the war will be the same as what we have been going through for the last ten years. Fundamental changes must be made.

Before I resume my seat may I say that I hope before leaving here we shall be given some definite statement as to what is being done now to meet post-war eventualities. It is all right to be told that we are fighting against something, but we should be told what we are fighting for. It is not enough to say that we are fighting for our freedom, and it is not enough to talk about getting jobs for our soldiers. I notice the Minister of Pensions and National Health is in his seat. He is at the head of a government committee which has been appointed to investigate post-war problems. The Liberal party is not only trying to run the war, but trying to determine how the world should be run after the war. I suggest that there are a good many men in this country who are outside the Liberal party and who could say something about how things should be handled in preparation for the post-war period.

The Minister of Pensions and National Health was in Toronto the other day, and according to newspaper reports he spoke quite enthusiastically about getting jobs for soldiers after the war. Once or twice he used the phrase "rehabilitating soldiers after the war." I find it hard to believe that a government which could not find jobs for men before the war will be able to find jobs for men after the war is over. In other words, if they can assure men of jobs after the war, why could they not have legislated so that men could have found jobs before the war? It is not just a matter of finding men jobs; it is a matter of so readjusting our whole economic democracy that men may have economic freedom and be able to produce and consume what they produce.

The government which was in power before the war was not able to find jobs for men, but they are now proposing that after the war jobs will be found. I say that when the Minister of Pensions and National Health goes up and down this country he should tell Canada how he is going to do that. Even our own people have not been told what good alternatives we have to the bad pre-war policies. Until we get a good alternative we shall be merely tinkering with our post-war problem. If our policy is, first, to defend the world and then to develop and organize the freedoms—I say "freedoms" not "freedom"; I mean all freedoms, including economic freedom—we ought to make up our mind as to how we mean to do this and then tell the world about it.

Someone has well said that democracies do not perish at the hands of an external conqueror, that they fall because they are insecure from within. Let us have a democracy that does not end with the ballot-box; let us have one that will actualize those things which people desire. Can we say that we have had a true democracy in this country for the past ten, fifteen or twenty years? Can we say that in those days preceding the war we had a true democracy? Can we say that our people were receiving what they desired? Can we say that the people desired relief rolls? Can we say that the people desired destitution and poverty? Certainly they did not desire those things.

If democracy means anything, it means the people's right to elect a government that will so manage the country that their desires will be filled. That is true democracy. Speaking in London the Prime Minster said that something must be done now to meet post-war eventualities. I agree with him. But he did not say what had to be done. This group dares him to say how this present arrangement can be adjusted in order that democracy may function to the maximum extent or how this system can be changed to deal with the post-war problem.

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Chairman, in reporting to hon. members on the current position of Canada's munitions programme, my task is much less difficult than in making earlier reports. Then, many of our largest projects were in the construction and tooling up period; now, most of our large projects are in at least partial operation. Then, my report, necessarily to some extent, dealt with anticipated production; to-day I can confine my remarks to actual production, and at the same time give to hon. members a fairly comprehensive view of our munitions programme.

In his remarks this afternoon the leader of the opposition (Mr. Hanson) invited me to be frank with the house as to the actual state of our production and to give the house the fullest possible information on that subject. I propose to do that subject to the limitations which he himself said he had found to be

necessary. I am not, however, going to follow those limitations as much as I did in earlier stages because I believe that as the United States are now manufacturing munitions on a large scale and have been quite free in publishing their statements of production, secrecy about our own production is not as necessary now as it was in the earlier stages. There is, of course, certain information about our production which is confidential and which I must keep confidential, but I am going to give hon. members a fairly comprehensive view of the state of our production at this time.

It is always interesting to see ourselves as others see us. Recently a British management and labour delegation made a tour of the United States and Canada, at the request of the United States government, to survey the current position of war production. Four of the members were industrial executives and four were representatives of British trade unions. Last week the delegation issued its parting message as an official press release. I quote from this release:

> While on the North American continent, we have been privileged to inspect over 80 different plants. During our stay in Canada, we have been able to see the production of naval and mercantile ships, aircraft, guns, machine guns, shells, machine tools and other war-time equipment of vital importance, being produced on a scale that not only surprised and heartened us, but which, we believe, will similarly surprise and hearten the people of the dominion itself.

I was interested in the fact that this delegation believed it to be their duty to tell the people of Canada how well we are getting on. Evidently they had heard disparaging remarks from our own people. I am certain that no one in a position to know the volume of our current munitions exports has any desire to disparage our efforts. In saying this, I wish to say also that our effort is no better to-day than it was six months or a year ago. The only difference is that we are witnessing a later stage of our production programme. At the next session of parliament our output records will enable me to give a still more impressive record of Canadian achievement, but that again will be merely a later stage of the same programme.

At present practically every plant in Canada capable of war work is engaged in war work, either wholly or in part. To September 30th the estimated dollar value of contracts awarded by the Department of Munitions and Supply amounted to approximately $2,600,000,000. Of this amount, Canadian orders totalled $1,506,000,000, which had been filled by Canadian production to the extent of $1,325,000,000, from the United Kingdom $40,000,000, from the United States $140,000,000, and from other countries about $1,000,000.

Capital assistance to industry for the extension of existing plants and for the construction of new plants, instalment of equipment, et cetera, aggregated a total of $550,000,000, partly for Canada, partly for the United Kingdom and partly for joint account.

Our shipbuilding programme has been expanded to a point where total orders for ships now exceed $500,000,000. To date Canada has launched seventy-seven corvettes and delivered more than fifty of these for active service; has launched fifty-nine mine-sweepers, of which about forty have been completed; and has also delivered eleven patrol boats, nineteen motor torpedo and crash boats, and some 700 smaller boats, some with power and some without power.

Our cargo vessel programme is well under way, and two 10,000-ton cargo ships have already been launched and will be delivered this autumn. Before the end of 1942, we expect to deliver into service about 100 cargo ships, of which ninety will be of 10,000-ton capacity and ten of 5,000-ton capacity. Some 500 industries located across Canada from coast to coast are engaged in manufacturing components for these cargo vessels.

In addition to our cargo vessel programme, we are laying down keels for larger and faster corvettes and for a large number of corvettes and mine-sweepers similar to those already built. All our seventeen major shipyards are working to capacity, and are being expanded to the fullest possible extent. There are fifty-eight smaller yards working on our small-boat programme.

Our aircraft industry has manufactured in Canada and placed in service since the outbreak of war, or has assembled in Canada, 3,749 aircraft. In addition, we have received from the United States in the same period 1,268 aircraft. The present average rate of production is approximately forty per week for all types, and in this regard it should be pointed out that the present production includes a heavier proportion of advanced trainers and service aircraft than in the earlier months of production. Link trainers are also being produced in Canada, with deliveries now well past the 100 mark.

We are now in position to manufacture aircraft to meet all the requirements of the air training plan, as well as the aircraft requirements of the British training schools that have been located in Canada. We are in very substantial production of Hurricane fighters and Bolingbroke bombers for operational work, we are well advanced toward

production of the Consolidated P.B.Y. boat, and we have recently undertaken production of the newest type of British 4-engine bomber, as well as a new type of British fighter plane.

The repair and overhaul of aircraft and engines, which is a rapidly growing responsibility as the number of planes in Canada increases, is being carried out by the department in twenty-nine plants strategically located across Canada. It is estimated that the number of aircraft requiring overhaul at the present time is 5,000 a year, and that a year from now the number of overhauls will reach 10,000 a year. This overhaul work represents a very substantial aircraft industry in itself.

The Canadian automobile industry has played a tremendous part in equipping the forces of the empire. Already over 150,000 vehicles of all types, army trucks, personnel carriers, et cetera, have been delivered, and deliveries are continuing at the rate of thousands each month. In addition, bicycles, motorcycles, buses, tires, spare parts, et cetera, have been delivered in large quantities.

In the field of armoured fighting vehicles, we are now delivering infantry tanks, cruiser tanks, universal carriers and armoured scout and reconnaissance cars at a rapidly expanding rate of production. Production of tanks began in June, and the rate of production has increased steadily since that date. Early in 1942 we are scheduled to achieve a production rate of 200 medium tanks each month.

I may say that a tank represents a tremendous amount of work and the cost is in the vicinity of $90,000. I mention that only as an indication of the amount of material and workmanship which goes into a tank's construction.

Universal carriers came into production in the middle of the year, and already over 1,500 have been delivered. These very useful vehicles are now being produced at a rate of over 400 each month, and this rate will be substantially increased early in 1942.

Armoured scout and reconnaissance cars of Canadian design will be produced in quantity before the end of the year, and the production rate of hundreds per month will be reached early in 1942.

Guns and equipments, after long months of planning, building and tooling, are now in very substantial production. This is a wholly new Canadian industry, and has required heavy capital expenditure for plant and for training of skilled personnel. The early period of low production is now moving into the crescendo of mass production. We have already delivered thousands of gun barrels of the anti-aircraft types, and are now delivering complete gun mechanisms. We have delivered tank guns and field guns, and the first of our naval guns will be ready this month. Altogether we are producing more than ten types of complete heavy guns, including anti-aircraft field, tank and anti-tank and naval type guns, together with all mountings and parts to make the complete fighting units. The 1942 rates of production will be:

Anti-aircraft—over 400 per month.
Field—over 500 per month.
Naval—over 150 per month.
Extra barrels—over 1,000 per month.

The production of these intricate mechanisms is high testimony to the skill and determination of Canadian industry.

My hon. friend the leader of the opposition spoke of the delivery of four guns overseas. I presume these would be field guns, 25-pounders. All I can say is that many of us in this house attended the opening of the plant on July 1 last when six complete guns were on exhibition and were tested before the assembled gathering. Of course, we only make the guns; where they go after they leave the factory is something with which I have no concern. I should think, however, that probably the guns were more urgently needed elsewhere either in Canada or in other areas of service, which may account for the fact that only four reached our own forces.

Mr. HANSON (York-Sunbury): These were British guns, 5·5.

Mr. HOWE: That is something else.

In the field of machine guns and small arms, Canada is making a worth-while contribution to the equipment of empire forces with rapid fire infantry weapons. We have created rifle and machine gun plants that compare in size with any similar units in the world. We have already produced over 12,000 Bren guns and over 14,000 additional extra barrels. Hon. members will note that, whereas the first Bren gun contract called for this number of guns to be produced over a period of two and a half years, all deliveries called for under that contract have now been made. Production of this gun now runs at the rate of more than 2,000 a month and is still increasing.

In addition to the Bren gun, we are now producing Browning aircraft machine guns, with a production rate rising to thousands a month early in 1942. In addition, we are bringing into production the Vickers machine gun and Boys anti-tank rifle and Sten sub machine gun. Early in 1942 we will be producing naval machine guns and mountings in hundreds, and anti-tank rifles and sub machine guns at rates of thousands a month. We have already delivered substantial quantities of Lee-Enfield

·303 rifles, and production rates, now in thousands a month, will increase to over 200,000 a year.

Trench mortar deliveries, already in hundreds, will increase to a rate of over 400 a month. In addition to trench mortars, we plan 1942 production of bomb throwers and smoke projectors.

In heavy ammunition, we are producing twenty sizes of shell, and have already delivered over 9,000,000 units. Our capacity is in excess of 1,200,000 shells a month. We are producing ten sizes of cartridge cases, and have already delivered over 10,000,000 cases. Our capacity is about 2,000,000 cases a month. We have produced in excess of 7,000,000 fuses of all types, and have capacity for over 1,000,000 a month. We have produced in excess of 8,000,000 primers, with a continuing capacity of 1,300,000 a month. We have produced many millions of gaines, tubes and miscellaneous shell parts, as required for complete ammunition, and have a capacity of about 1,000,000 a month. All these empty components, together with other minor component parts, are required for the complete rounds of filled ammunition. Their production is coordinated with the capacity and requirements of our filling plants, with some surplus shipped empty as required abroad.

Vast new plants have been created and personnel trained for the exact operations of filling ammunition with high explosive and propellant charges. We are now shipping filled complete rounds, and production of these will expand rapidly as our filling plants swing into full production. Capacities for 1942 production are at present arranged as follows:

Complete rounds—over 1,000,000 per month.
Cartridges—over 700,000 per month.
Projectiles—over 700,000 per month.

In addition to complete rounds, cartridges and projectiles, we have provided capacity for filling bombs, depth charges, mines and fuses.

In the field of small arms ammunition, Canada holds an enviable position in the matter of quality and quantity of production. We have already delivered hundreds of millions of rounds of small arms ammunition of various types. Our capacities include ball, tracer, incendiary and armour piercing types of ·303, ·30/06, ·22 long and ·38. New capacity is being created for the production of ·50, ·55, ·45, 9 MM and 20 MM. Current capacities are about 50,000,000 rounds a month, and will be trebled in 1942.

Our bomb programme includes types from 500 pounds down to practice bombs. Deliveries have already been made in excess of 500,000 units. Mortar bombs, grenades and anti-tank mines are in production, with monthly capacity in the tens of thousands.

Our chemicals and explosives programme is a major part of our munitions production. Explosives are produced for our own filling plants and for shipment overseas. The range of production extends from high explosives, rifle and cannon propellants, and TNT, down through the intermediary chemicals and raw materials. The standard of our product enjoys a very high rating, and we have already delivered over 150,000,000 pounds of finished products. Capacity in 1942 will reach 70,000,000 pounds a month of chemicals and explosives, with complementary production of subsidiary materials.

In the field of pyrotechnics, we are producing signal cartridges, flame floats, flares, smoke generators, sea markers, signal rockets, lights, igniters, et cetera, by the tens of thousands each month. Already hundreds of thousands of these special stores have been delivered to our forces and allied governments.

Production of instruments includes technical apparatus and gear, ranging from fire control gear, range finders, telescopes, et cetera, through to clinometers, gauges, et cetera. We are already in production on many of these precision instruments, and production is scheduled to match ordnance requirements from now on. Thousands of gauges and standard instrument types have already been delivered.

Our general purchasing department has procured the vast quantities of personal equipment and barrack stores required for our services, including thousands of tons of food, fresh and canned. Clothing, boots and shoes, caps, mitts, gloves, greatcoats, et cetera, have been turned out at the rate of many thousands a month. Other stores procured include office furniture, office equipment, electrical supplies, fuels and paints, lubricants, medical supplies, tools and hardware.

The construction branch of the Department of Munitions and Supply has awarded construction contracts aggregating 1,558 in number for a total of $146,000,000. These include work for the army, navy and air force and the air training plan, as well as harbour works, and extensions or additions to aircraft manufacturing plants. This does not include civilian housing, which is handled by Wartime Housing Limited.

The air services branch of the Department of Transport, which now operates under the direction of the Minister of Munitions and Supply had, up to the end of September, completed 108 new airports for the use of the

Royal Canadian Air Force and air training plan, and had thirty-one additional airports under development. Included in the above are eighteen airports now occupied by the Royal Air Force in connection with its training project in Canada. As at 31st August, 1941, the sum of $64,000,000 had been allocated for airport construction, exclusive of buildings. In addition, the cost of airport hangars, workshops, barracks and associated works and buildings for the Department of National Defence for Air has involved an expenditure of $117,000,000. Over 100 airports have been equipped for night flying; and power, telephone and lighting facilities have been installed by the air services branch at a cost of $5,200,000. Operational airports are now under way in Newfoundland and Labrador, between Edmonton and the Alaska boundary, and along the northern coast of British Columbia, in areas far from human habitation, involving unusual engineering problems. In my opinion, this work of airport construction calls for all credit to Canada's construction industry and to the staff of the air services branch of the Department of Transport, who have planned and supervised the work.

Hon. members may be interested in a brief mention of the work of the wholly government-owned companies operating under the direction of the Department of Munitions and Supply.

Allied War Supplies Corporation administers the chemical, explosives, and ammunition filling programme, including twenty-three separate projects. Construction work is now largely completed. Twenty projects are in production, and the remainder will be in operation before the end of this year. Approximately 15,000 employees are engaged in operations, and it is estimated that twice that number will be required as the plants are brought into full production. One new chemical plant has recently been authorized for the manufacture of aniline, and additions have been authorized for four chemical and explosives plants. Capital commitments now total about $112,000,000.

Citadel Merchandising Company Limited supervises the purchase and distribution of machine tools. During the quarter ended September 30 last, this company purchased machinery and machine tools to the value of $23,400,000. Since it commenced operation, this company has purchased and distributed machine tools to a total value of about $60,000,000.

Fairmont Company Limited is responsible for maintaining in Canada adequate supplies of rubber. This company is the sole buyer of rubber for Canada, and its product is sold to war and domestic industries as required. In addition, the company buys and distributes hides for our leather industry.

Melbourne Merchandising Limited was established in September, 1940, to purchase in bulk the wool required for military contracts, and also to act as handling agents for the British wool control. This company is charged with the responsibility for having adequate supplies of wool available for war industrial requirements.

National Railways Munitions Limited was incorporated to produce munitions at various shops and car plants of Canadian National Railways. The company is engaged in the production of naval guns and gun carriages, and will shortly be in production.

The Plateau Company Limited was formed to purchase, store and distribute to war industries adequate supplies of silk, required for parachutes and other purposes. Since the issue of an order in council on August 9, 1941, "freezing" all silk in Canada, Plateau company has been taking delivery of all "frozen" silk for government account.

Research Enterprises Limited was organized in August, 1940, to provide facilities for manufacturing war material of a secret nature developed by the national research council, and for the production of optical glass, fire control instruments, both optical and electrical, and devices of a secret nature required by the army, navy and air force. This operation has developed in a most spectacular way, and has been found to meet a major war requirement. The main plant has been in operation for some months and now employs more than 1,500 men and women. The first optical glass produced in Canada was made by Research Enterprises in June. The company now has orders totalling over $55,000,000 for optical equipment, instruments and secret radio devices.

Small Arms Limited. This company was formed in August, 1940, to build and operate a plant at Long Branch, Ontario, for the production of Lee-Enfield rifles, bayonets and scabbards. The present programme provides for six times the capacity of the original plant. The company has recently undertaken the production of Sten machine carbines. About 1,250 men and women are now employed at the plant. A substantial quantity of rifles has already been delivered, and the output is increasing rapidly each week.

War-time Housing Limited. This company was incorporated in February, 1941, to provide housing accommodation for munitions workers in communities where serious congestion has developed on account of war projects.

The present programme embraces the construction of 4,427 cottages, thirty-five staff houses, four commissaries and two special buildings, in twenty-seven cities and towns across Canada. The expenditure for the entire programme now under way or projected is estimated at $15,750,000. The programme is constantly being expanded to meet urgent requirements for housing for munitions workers.

War-time Merchant Shipping Limited. This company was incorporated in April, 1941, to administer the programme of cargo ship construction in Canada. This programme calls for 143 vessels of 9,300 tons and ten vessels of 4,700 tons. Two of the larger type ships have already been launched, and a third will be sent down the ways on November 6. Keels have been laid for twenty more of the larger class ships. Twelve shipyards are engaged in carrying out this merchant ship programme.

War Supplies Limited. This company was formed in April, 1941, as a means of implementing the declaration of Hyde Park. Its function is to negotiate and to receive orders from departments of the United States government for war supplies to be manufactured in Canada. I should perhaps mention that the declaration of Hyde Park has worked out as was contemplated, with the result that Canada's problem of dollar exchange is in process of being solved.

Federal Aircraft Limited. This company was established in June, 1940, to administer a large programme for the production of Anson aircraft required for the air training plan. Ansons have now been built and flown at all five of the company's assembly plants, and a considerable number have now been test-flown and delivered to the Royal Canadian Air Force. The aircraft being produced by this company is a material improvement on the British type Anson, and production is stepping up rapidly.

An interesting development of our munitions programme, brought into being to mobilize the last ounce of Canada's war productive capacity, is known as our "bits and pieces" programme. Munitions contracts call for a tremendous volume of production, and it was inevitable that the large contracts were placed in large factories. It is now our purpose to have the large plants break down their large contracts into small contracts and to sub-contract these as widely as possible, in order that Canada's peace-time machine tool capacity may be fully utilized for war work.

There are many advantages in expanding our production by a "bits and pieces" programme, rather than by building more large plants. I may mention a few:

[Mr. Howe.]

First. There is a limit to the amount of work that can be handled by our larger manufacturing organizations, as they represent only a portion of the country's productive capacity which, from a mechanical standpoint, can be adapted for war use.

Second. The machine tool market has now reached a point where it is difficult, and in some cases impossible, to secure machine tools as rapidly as required.

Third. By taking work to the men rather than the men to the work, we can avoid disruption of community life in some areas and congestion in others, save in housing costs and community facilities, and obtain a more suitable type of labour. Readjustment problems will be lighter after the end of hostilities, and the load on the taxpayer less.

Fourth. By spreading the work to hundreds of small shops, use can be made of thousands of skilled workmen, who, through their age, position, or other reasons, do not desire to change their homes and source of livelihood.

To facilitate carrying out this programme of sub-contracting, a new branch has been formed known as the industry and sub-contract coordination branch, with headquarters at Ottawa and regional offices across the country. The branch and district offices are designed to help small manufacturers, and those threatened with curtailment of peace-time operations, to obtain contracts or sub-contracts of a type that they are equipped to handle. The purpose is also to encourage sub-contracting and to assist the prime contractors in setting up and operating efficient sub-contracting departments.

A great deal has already been accomplished in the field of sub-contracting. Millions of dollars worth of bits and pieces are already in process of being manufactured. Several large industries such as the pulp and paper, oil, utility, and mining have set up organizations to coordinate the use of the available hours of their maintenance shops. A great many of our so-called luxury manufacturers are changing over to the production of war materials.

As an outstanding example of what has already been accomplished in this direction, I may mention the 25-pounder gun programme being carried out by Sorel Industries. This plant was built to manufacture 25-pounder equipments at the rate of eight a month. It is now building about forty complete equipments a month, and by the end of the year will be building fifty complete equipments a month. The increase in production has been brought about partly by an extensive system of sub-contracting.

The 25-pounder gun is made up of approximately 1,286 parts, and of these 529 parts, or about 41 per cent, are being sub-contracted. These parts are divided among sixty-three small plants in the provinces of Quebec and Ontario. The parts that are being made at Sorel are some of the most difficult, and also those requiring special single purpose machines. The parts that have been sub-contracted are being handled by shops, the smallest of which is a two-car garage behind a house, operated by the owner and two helpers, and having about $4,000 worth of machinery; and the largest a modern shop having $300,000 worth of machinery and 600 employees. The small garage is providing two precision parts—a pin and a bracket. The large shop is manufacturing a highly complicated dial sight having 122 precision parts, many of which have to be made with the same accuracy as required in an expensive watch.

In the last two months over 82,000 finished parts have been supplied by these sixty-three sub-contractors to the main factory at Sorel. Production of these parts does not come about by merely handing blueprints to manufacturers and asking them to supply the parts. It has been found that in a great many cases, manufacturers, in their desire to assist in the war effort, and because of overoptimism, have accepted work from prime contractors and failed to produce.

The excellent work that is being done in sub-contracting by the Sorel plant is due to the use of engineers on loan from the Chrysler corporation, who have put into effect methods arrived at by years of experience in sub-contracting in the automotive industry. Under the direction of those men, remarkable results have been obtained in cutting down man-hours and costs of production.

What Sorel Industries have done, other manufacturers can do. My remarks on this subject have been extensive, for the reason that I am asking the cooperation of all manufacturers in the further development of sub-contracting and cooperation in our bits and pieces programme. The department is ready and willing to assist in every way, but the manufacturers, both large and small, must do their part. The small shops and displaced industries must be prepared to help themselves if the department is to be placed in a position to help them.

To assist in furthering this bits and pieces programme, I have issued instructions that before additional capital assistance will be approved, a full investigation must be made of the possibility of sub-contracting. Those responsible for purchasing have been asked to break down orders to a size that can be handled by as many small manufacturers and displaced industries as possible.

Mr. HARRIS (Danforth): The minister mentioned capital assistance. Would he say if there is any liquid capital assistance, or working capital assistance, being given these concerns?

Mr. HOWE: Which concerns?

Mr. HARRIS (Danforth): Small concerns. Would the minister say whether any working capital assistance is being given these small concerns?

Mr. HOWE: It depends entirely upon the individual case; ordinarily not. What we are endeavouring to do in the bits and pieces programme is to utilize existing capacity. Capital assistance would imply that we were building up small concerns for the purpose of participating in the programme. That is not the purpose of the programme. Of course we have offered capital assistance for specialized work which we could not get done in the routine, but that is separate and apart from the bits and pieces programme.

Mr. HARRIS (Danforth): I quite understand about the capital assistance, but I am asking if any working capital assistance is given.

Mr. HOWE: There again it depends upon the circumstances. I do not like to make general statements about a very large programme.

Mr. HARRIS (Danforth): I was asking for a particular statement.

Mr. HOWE: I would not say it has not been done, but it is not usual to do it.

Mr. HARRIS (Danforth): Then go ahead; I am sorry to have interrupted.

Mr. HOWE: I think hon. members will agree that the production programme as it is to-day is tremendous in scope. It will be readily appreciated that a programme of this magnitude makes tremendous demands on our sources of raw materials. To supply our war industries it has been necessary rigidly to control distribution of war materials and to assure a priority of use to war industry, as against peace-time industry.

The control over essential war materials has been obtained by the appointment of twelve controllers of materials and services. These twelve controllers are members of the war-time industries control board, under the chairmanship of the director general of the priorities branch. The purpose of the controllers is principally to ensure adequate sup-

plies to war industries, but the work of the board is closely associated with that of the war-time prices and trade board, the latter board having complete control of prices. Each controller administers the policy of the war-time prices and trade board as applied to the industry over which he exercises control. The following is a brief outline of action taken by the controllers to date:

Machine Tools. Machine tools are basic in war production, and every effort is being made to increase their supply and to restrict their non-essential use. In 1940, designs were frozen on a broad list of consumers' durable goods, including automobiles, in which a change of model would otherwise require new tooling. Every effort has been made to distribute machine tools to war industries in need of such equipment. No exports of machine tools may be made without licence. A government-owned company, Citadel Merchandising Company Limited, assists in the financing of the greatly extended production and purchase of machine tools.

Metals. The metals controller has supervision over the supply, distribution and use of all non-ferrous metals, minerals, and alloys. Substantial restrictions have been imposed on the civilian use of essential metals. In the case of copper, lead and zinc, all tonnage in excess of that required for the Canadian war programme and for greatly restricted domestic requirements is sold under contract to the United Kingdom. The production of metals in Canada has been greatly extended, and this country, which produces the principal base metals such as aluminum, nickel, copper, lead and zinc far in excess of domestic requirements, is supplying these metals in very large quantities to Great Britain and/or the United States of America. In addition, progress has been made in developing sources of strategic metals which were not produced in Canada in any quantity before the war.

Mr. MacNICOL: In connection with the minerals that are being produced, has any plant in Canada yet come into the production of magnesium metal?

Mr. HOWE: The first magnesium metal from a pilot plant is being produced now. We have not undertaken large-scale development.

Mr. MacNICOL: Where is the pilot plant?

Mr. HOWE: I think it is here in Ottawa, at the research laboratories.

Mr. MacNICOL: There is one small plant in Hamilton, I believe.

Mr. HOWE: I do not think that one is in operation.

[Mr. Howe.]

Mercury has been in production for over a year, and tungsten, antimony and manganese are being developed.

Motor Vehicles. The motor vehicle controller has substantially reduced the number of passenger cars which may be manufactured in Canada in order that materials and labour may be directed to the manufacture of war vehicles. For 1942 the rate of production of passenger cars has been established at 44 per cent of 1940 production, which is the equivalent of 50 per cent of 1941 production. Steps have been taken to spread this reduced output evenly through the year, to avoid unnecessary peaks and valleys in labour and material requirements.

Oil. A number of orders have been issued by the controller to restrict civilian use of gasoline. These include reduction of deliveries to service stations to 80 per cent of estimated normal requirements, and prohibition of the erection of new service stations, gasoline pumps, storage tanks and oil-burning equipment. Sale of gasoline and oil to motorists on Sundays and at night (from 7 p.m. to 7 a.m.) on week days has been prohibited. Grades of gasoline for public use are limited to two, and credit cards may no longer be used by Canadians. Voluntary cooperation in saving gasoline has been requested, and a list of pointers on how to save gasoline and oil has been placed before the public.

This afternoon the leader of the opposition asked for a complete discussion of the public letter issued by the Joy Oil company. I am quite prepared to discuss that matter, but I should prefer to leave it until the subject matter of this statement is under debate. To discuss the matter at this time would distort the balance of things, and place an undue emphasis on the matter.

Mr. HARRIS (Danforth): Would the minister tell us what success he has had with the prohibition—or inhibition—he has established with regard to the consumption of gasoline?

Mr. HOWE: The distribution of gasoline to gasoline stations has been reduced to 85 per cent of what was estimated to be the unrestricted consumption. That, however, is a story in itself—the oil situation.

Mr. HARRIS (Danforth): That would be included in the story. There is a 15 per cent reduction, brought about by those who walk instead of driving their cars.

Mr. HOWE: It has been rather confused, but the situation is becoming clarified.

Steel. Various measures have been taken to conserve iron and steel, and a system of index-

ing of consumers' requirements is now in operation to ensure that the needs of essential undertakings are met. Measures have been taken to stabilize steel prices, and structural steel shapes have been standardized and reduced in number from 267 to 70. All orders for pig-iron must be forwarded to the steel controller for approval on a preference basis. By the first quarter of 1942, Canada's annual steel productive capacity will be more than double what it was in 1939. This greatly increased capacity, plus greatly augmented imports from the United States of America, is insufficient to meet war orders and domestic requirements, which accounts for the rigid control outlined. Apart from the action of the steel controller, the civilian use of steel is limited by the operations of the controller of construction, the machine tools controller and by the controller of supplies.

Mr. HANSON (York-Sunbury): Before leaving the subject of steel, would the minister tell us the state of production in Canada of steel plate? What is the position with respect to the Sydney plant?

Mr. HOWE: We have two plants operating to capacity on steel plate, namely, the Steel Company of Canada and the Dominion Foundry plant at Hamilton. The plant at Sydney is being placed in operation. I believe it is now waiting for electrical equipment, but it will be in production early in the new year. To continue:

Timber. The entire Canadian industry has been organized so that centralized buying for government projects is effected as economically as possible. In May, 1941, domestic prices for timber, lumber and millwork were fixed at the April 1, 1941, level, and price-fixing has since been extended to other lines. The controller also has entire power to direct the sale, storage and movement of timber stock should this power need to be exercised. Substantial progress has been made in arranging for the more efficient use and substitution of timber in order to release steel for war requirements and to make more high grade timber available for export.

Mr. HANSON (York-Sunbury): Before proceeding to the next point, would the minister tell us the timber policy for next year (a) with respect to production or quantity, and (b) with respect to price? The men are going into the woods now. What shortage, if any, is anticipated?

Mr. HOWE: We understand the present situation will continue into next year, namely, that the demand for lumber will greatly exceed the supply. So far as prices are concerned I would point out that domestic prices are pegged and can be changed only upon application to the war-time prices and trade board, with evidence to show that the change is necessary and justified. The export price is whatever the export market will bring.

Mr. HANSON (York-Sunbury): If the industry can show that the cost of production (a) in respect of wages and (b) in respect of supply is increased over this year, will it be given due allowance?

Mr. HOWE: The timber controller has written a letter to the trade within the last week or ten days agreeing that the trade should place their position before the war-time prices and trade board in April of next year. I cannot make the promise my hon. friend is inviting, but I will say that the position will be reviewed, and if a price increase is justified in the opinion of the war-time prices and trade board, I have no doubt it will be granted. My department has nothing to do with prices.

Mr. TUSTIN: Have any price increases been allowed since last spring?

Mr. HOWE: There has been no price increase since April, 1941.

Mr. HANSON (York-Sunbury): That is, authorized.

Mr. HOWE: Authorized or made, so far as I know. It has not been made legally, anyway.

Mr. HANSON (York-Sunbury): I agree with that.

Mr. HOWE: To continue:

Chemicals. Through voluntary arrangements, a number of measures have been taken to ensure an adequate supply of chemicals for various essential purposes. Formal orders have been issued limiting the use of chlorine as a bleaching agent in paper making, and prohibiting the use of glycerine as anti-freeze, and restricting the civilian use of refined glycerine to 70 per cent of 1940 levels.

Transit. This controller is responsible for reorganizing transit systems in order to ensure adequate transport facilities to deal with traffic congestion in key war production areas. Organizational work in connection with staggering of working hours to relieve congestion in certain areas is now under way, and introduction of specific measures on a test basis is expected in the near future.

Construction. With certain exceptions, including government buildings, churches, and single, duplex and triplex dwelling houses,

construction of new buildings costing more than $10,000, installation of equipment costing more than $5,000, and making repairs in excess of $2,500 are all subject to licence of the construction controller. These powers are being exercised to the end that construction projects shall be limited as far as possible to those of an essential nature.

Ship repairs. It is the duty of this controller to see that the most efficient use is made of Canadian ship repair facilities. These facilities are being stepped up to a maximum to provide quick repairs for both naval and cargo vessels.

Supplies. To date the following commodities have been brought under the jurisdiction of the controller of supplies: Silk, rubber, cork, transparent film, refrigerators, washing machines, stoves, radios and vacuum cleaners.

(a) Silk. Early in August, 1941, all raw silk owned by Canadian companies or on order by Canadian companies was taken over by Plateau Company Limited (government-owned) and will be used exclusively for war purposes. Consequently supplies of substitutes for companies previously using silk for certain purposes have of necessity been arranged.

(b) Rubber. Arrangements are under way for the acquisition of additional supplies of crude rubber to be held as a reserve by the government company, Fairmont Company Limited, which now handles all purchases of crude rubber for both war and domestic requirements. Consumption of rubber for civilian purposes is being curtailed on a sliding scale and by February, 1942, will be down to 70 per cent of the 1940 monthly average civilian consumption.

(c) Cork. While no formal orders have as yet been issued, commercial cork, including cork wood in a natural or semi-processed state, is now under the jurisdiction of the controller of supplies.

(d) Transparent film. The use of transparent films of the "cellophane" variety has been substantially curtailed, and with certain specific exceptions is limited to use as cellulose adhesive tape and for packaging food, candy, drugs and tobaccos when not in tin or glass containers.

(e) Consumers' durable goods—i.e. refrigerators, washing machines, stoves, radios. vacuum cleaners. Production of all these articles for civilian use has now been curtailed. The general principle underlying the curtailment measures is that monthly production for the time being is to be reduced to 75 per cent of 1940 monthly average output. Committees of representatives of the industries concerned are being formed to assist in the efficient and equitable application of this principle.

[Mr. Howe.]

Power. In order to ensure adequate supplies of power for war industries, the power controller has instituted daylight saving applicable throughout the year in the provinces of Ontario and Quebec in the case of those communities which observed daylight saving in the summer of 1940. Use of electric power for steam purposes has been banned and coal boiler installations made, making such power available for war industry. Certain non-war industries have been forced to reduce consumption of power during peak hours. In central areas all power systems have been inter-connected, so as to permit excess power in one area of the country to be used in other areas as required. Many improvements in plants have been arranged on the order of the controller to ensure maximum production of power from all capacity.

I have endeavoured to give hon. members the highlights of Canada's munitions programme without undue detail, but, even so, it has been a long story. I feel that the men and women of Canada are beginning to understand the all-out nature of our productive effort. Looking back over the past two years, I do not see how our full production could have been developed any more rapidly than it is being developed. I have been supported by the unfailing devotion to duty of a very able staff drawn from Canadian industry, and I have also had the fullest cooperation from Canadian manufacturers and from Canadian workmen. Canada's position in war production will stand comparison with that of any country in the world, and recent comparisons that have been made by competent observers are highly complimentary to this country. Our war industries are soundly established, and our present production is all that, and in many cases more than, we had anticipated. It has been our purpose to call on Canadian industry and Canadian man-power for the maximum that the most optimistic estimates of capacity would permit. While we believe that we are reaching the end of possible productive capacity, we are still taking on new projects to the extent that further possible productive capacity can be discovered. If, in the past, other countries have looked upon Canada as a source of raw materials rather than of finished products, the future will find us a country equipped to turn our own raw materials into finished products within our own borders.

It has been our purpose in planning our war industries to maintain a balance between available supplies of raw material and our planned war production. We have counted on curtailment of domestic production of a non-essential character and this is now being

brought about through our controllers. I wish to assure hon. members that the only purpose of curtailing of domestic articles is to free necessary raw materials for our munitions programme and to provide needed manpower for that programme. We will continue to make available for domestic use everything not absolutely required by the war programme, and we will not call upon our people for sacrifices that are not entirely necessary to bring about the success of our war effort.

Such measures of restriction as have already been applied have, in general, obtained the full cooperation of our citizens. I ask all hon. members to cooperate with our controllers in explaining to our citizens the need for restriction and in asking for cooperation.

There is no reason to believe that this war will end in the near future. Our industrial effort must be sustained over a long period. We have planned with this in view. Munitions from Canada are now reaching every theatre of war in quantities that are impressive to those receiving them. We have established a reputation of quality and prompt delivery. There is an enthusiasm behind our production that is accomplishing results greater in many cases than we had hoped for. I am confident that, in the months to come, Canada will make history as an industrial nation engaged in an all-out effort in war production.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): Mr. Chairman, it is now nearly a year since I gave to the house what I then endeavoured to make a comprehensive review of the strength, work, and prospects of the Royal Canadian Navy. In the course of the year that has passed there have been discussions on naval matters both in the house and in committee, but no general statement on the Royal Canadian Navy was made in that period. I shall endeavour now to give briefly and simply some further account of our naval effort during the past year.

When I spoke a year ago I was able to tell the house that the Canadian navy had increased from a strength of 1,774 officers and men on active service at the beginning of the war to a strength of 13,000 officers and men on active service in November, 1940. Those figures represented an eight-fold increase in the space of fourteen months. I stated then that we planned to have 23,000 men and 250 ships by March 31, 1942. I am happy to be able to say that now, six months before that date, we have considerably exceeded that estimate. In the last twelve months the increase in personnel has been even greater than during the first fourteen months of the war. The total strength of the Royal Canadian Navy to-day is 27,000 officers and men, a truly phenomenal expansion from the first days of the war. What is more, there is no dearth of recruits; there is no lack of men offering to serve in the navy.

Mr. HANSON (York-Sunbury): Is it not a fact that you have an embarrassment of recruits?

Mr. MACDONALD (Kingston City): That is right.

Mr. HANSON (York-Sunbury): You do not know what to do with them; you have no place to send them.

Mr. MACDONALD (Kingston City): We have a waiting list of 4,000 men.

Mr. ROWE: In other words, the boys are ahead of the government.

Mr. HANSON (York-Sunbury): They want to get in the navy; that is the idea.

Mr. MacNICOL: Will the ships which will be manned by these Canadian sailors be sent all over the world, or will their activities be confined to our seaboard?

Mr. MACDONALD (Kingston City): I shall reach that in a moment. In answer to my hon. friend who just asked whether these men were not ahead of the government, I have to say—

Mr. ROWE: That would not be difficult.

Mr. MACDONALD (Kingston City): — that there is no dearth of men. Men are being taken into the naval service as rapidly as they can be trained and as rapidly as ships can be provided for them. You cannot train naval officers particularly, and petty officers, in a short time, but they are being trained as rapidly as is possible in this country and England, and as soon as they are trained there is a place for them.

As to where these men serve I may say to the hon. member for Davenport that they are to be found in every sea of the world. The great majority of them, of course, are to be found in Canadian ships but several hundred of them have been lent to the Royal Navy. These men of the Canadian navy who are serving with the Royal Navy are paid by Canada and at Canadian rates of pay.

To turn now to the question of ships, it is to be noted that the increase here has kept pace almost exactly with the increase in personnel. A year ago the number of ships in the Canadian navy was 155. The number to-day is 300. In that number are included auxiliary cruisers, destroyers, corvettes, minesweepers, patrol boats and auxiliary vessels of a great variety of types.

Like the men of the Canadian navy, our ships are to be found in widely scattered parts of the world. One cannot, of course, specify with definiteness where the ships are at a given time, but it may be said without fear of betraying any secrets that at this moment Canadian ships are separated by 10,000 miles of land and sea. Some of them are on convoy work; some are protecting the shores of this country, and still others are cooperating with the royal navy. The work of convoying both freight ships and troop ships still continues to be one of the most important tasks of the Canadian navy. How important is this work to the success of our cause, and how vital it is to the very life of the British isles are matters that are beyond dispute. It is a source of gratification to be able to say that not one ship proceeding in troop convoy from these shores to Great Britain has lost a single passenger on the way. So far as freight convoys are concerned no fewer than 7,000 ships have left Canadian shores for Great Britain since the outbreak of the war, carrying 42,500,000 tons of cargo to that island. A great deal of the work of convoying these ships and their cargoes has fallen to the Canadian navy. I shall not attempt to specify how this work is allotted, where the duty of one service ends and another begins, but it is true to say that a great part of it, and a very hazardous part, falls to the care of the men of the Canadian navy.

We have been greatly heartened, and I believe that the whole empire has been cheered by certain steps taken not long since by the navy of the United States. The great president of that great country has indicated clearly that certain portions of the seas which lie between America and Europe and which he regards as of primary importance to United States security will be patrolled by United States ships of war. He has asserted the principle of the freedom of the seas in those areas, and the ships of the United States navy are now defending that principle. The decision of the United States president is one of great importance and of great assistance to us and to our cause.

On more than one occasion the work of the Canadian navy has won the commendation of naval authorities in other countries. Thus, speaking in Bermuda in September last, Mr. Frank Knox, Secretary of the Navy of the United States, said that the Canadian navy is doing, to quote his exact words, "a very outstanding job" in the defence of north American sea approaches, and he added that it had been "a very considerable help to the whole problem of transport".

[Mr. A. L. Macdonald.]

Writing in the *Fortnightly Review* for September of this year, Admiral Sir Henry Richmond, in an article entitled "The War at Sea" uses the following words in speaking of the need of increasing the strength of escort forces:

> The prospects of such strengthening are encouraged by the news from Canada of the truly remarkable developments of the Royal Canadian Navy. Canada, who began the war with a diminutive navy of thirteen small vessels and 1,774 officers and men, now commands the services of 250 vessels and a personnel of 22,000, and these are employed as far afield as the Caribbean sea, the north Atlantic and the European waters. Besides this, her shipbuilding programme has included the construction of no less than seventy of those useful little vessels, the corvettes, of which sixty were for the Canadian and ten for the British navy, sixty mine-sweepers and a large number of other small craft. Nor is this all that she has contributed to the defence at sea. Her troops have furnished reinforcements for the defence of Iceland, Newfoundland and the West Indies, and her forty shipbuilding and repairing yards are producing merchant ships. These are efforts which should not go unnoticed in this country; they are harbingers of even greater things and they show the awakening of the maritime spirit of that great dominion.

Those are the words of Admiral Sir Henry Richmond. These are significant statements. But added proof can be presented of the value of the work that has been done by Canadian naval forces. Such proof is to be found in the awards and mentions for gallantry. On no fewer than forty-nine occasions, officers and men of the Royal Canadian Navy have received decorations, mentions in dispatches, or commendations for their performances. This alone is proof of the valour of our Canadian naval personnel and of the importance of the work which they are doing.

This work is not carried on without its casualties. Since the beginning of the war 364 officers and men have been killed, sixty-seven have been wounded and two are prisoners of war. In the last year two ships of the Canadian navy have been lost. One the *Otter* an armed patrol ship, caught fire and foundered off Halifax in March of this year with a loss of nineteen men. More recently the corvette *Levis*, while escorting a convoy, was torpedoed with a loss of seventeen men.

But we have something to show on the other side of the ledger. We, too, have taken our toll. Five enemy merchant ships have been captured by our navy since the commencement of hostilities. Enemy submarines have been frequently attacked by our ships, mainly by depth charges, and while it is not possible or proper to give the details of these actions, it may be said with certainty that some of the attacks have been completely successful and that more than one German

U-boat now lies at the bottom of the sea as a result of the vigilance and skill of men of the Canadian navy.

The protection of merchant shipping is one of our tasks, but the provision of merchant ships and of merchant seamen is in other hands. The Canadian naval staff, however, have taken a deep interest in the training and supply of merchant seamen and have cooperated with the Department of Transport in the provision of manning pools in this country, where merchant seamen may register and remain while awaiting employment on a merchant ship.

Two hundred ratings of the Royal Canadian Navy are now serving as gunners or in some similar capacity on defensively equipped merchant ships.

There are two other matters which I should like to mention briefly in this statement. The first is that very shortly we hope to begin the building of destroyers in this country. Already some skilled naval constructors from England have arrived to supervise this work. Plans for destroyers are well in hand, and as soon as material is available—and this will be on hand very shortly—the work of destroyer-building in Canada will commence.

The second matter which I wish to mention is that we hope to open the Royal Canadian Naval College in the autumn of 1942. This college will be a training ground for officers of the navy, and I believe it will prove to be an invaluable addition to our programme of organizing the Canadian navy.

Expansion in ships and men of the Canadian navy has been substantial, but we aim at still further expansion. We shall have more men and more ships. Changes being made in the art and the practice of naval warfare require changes in ship construction and in the training of naval personnel. We are endeavouring to the utmost of our ability to keep in touch with the latest improvements in training and in shipbuilding and in ship armaments.

The work of the empire navies in this war is of prime and overriding importance. The task of carrying supplies overseas and of protecting the ships which carry those supplies is one which need take second place to none other in the strategy of this war. We must have more merchant ships to replace those that are lost, and to do more than replace them, to make the merchant navies of the empire larger and more efficient than they were before. But merchant navies without the protection of fighting ships are helpless to-day. More and more this fact is being emphasized. Greater and greater becomes the need for more and better escort vessels. Our shipyards in Canada, under the direction of the Minister of Munitions and Supply, have done magnificently up to the present. They will continue, I know, their splendid record.

Finally, Mr. Chairman, I think I can say with modesty that the personnel of our navy has brought honour to itself and to this country. It will be the aim of the department of naval services to continue to improve upon the work of the past and to spare no effort of thought or labour in carrying out its duties, which are so vital to the successful prosecution of this war.

Hon. J. T. THORSON (Minister of National War Services): Mr. Chairman, the Department of National Defence for Naval Services has under its charge the drama of the navy. The department over which I have the honour to preside has no such drama. Many of its activities are of a prosaic nature, but they are nevertheless important. A number of functions have been assigned to the Department of National War Services. The department, since the house last adjourned, has been reorganized to a certain extent. This afternoon I tabled an order in council, P.C. 8488, dated the 31st day of October, 1941. This order in council authorizes certain divisions of the department and sets out the purposes of such divisions. It indicates the great variety of the functions that are assigned to this department.

Perhaps I could best illustrate this diversity by reading the operative parts of the order in council:

> The following divisions of the Department of National War Services are hereby authorized for the purposes hereinafter set forth:
>
> (a) The National Registration division—to administer and carry out the national registration regulations, to record and tabulate new registrations, to record changes of address and of matrimonal status, to compile statistical and such other information as may be required as a result of the said national registration, and to prepare lists of men as may be required under the national war services regulations or otherwise.

The national registration which took place in August, 1940, was the first task assigned to the new department that was created on July 12, 1940. While the employees of the national registration division are on the staff of the department, they act under the supervision of the dominion bureau of statistics. Many of the results of the national registration are to be found in a number of publications, issued by the Department of National War Services in conjunction with the dominion bureau of statistics. The first of these is the preliminary statistical tabulation of the national registration of August, 1940. Then there is the table of specialized occupations, also issued by the

Department of National War Services and the dominion bureau of statistics. And finally, statistics relating to labour supply under war conditions, issued by the Department of Trade and Commerce, dominion bureau of statistics, social analysis branch.

The second division that is authorized is called the mobilization division. Its functions are:

To administer and carry out the national war services regulations, and to direct the mobilization of men for military training under the said regulations, of women volunteers for auxiliary service with the army, navy or air force, as requisitioned from time to time, of fire-fighters for service in the United Kingdom, and of such other persons as may be required from time to time; to keep the records of the voluntary service registration bureau, and to assist in directing those seeking war employment to employment and towards training facilities which may be available; to give information and other services in connection with prisoners of war and Canadian internees in enemy occupied countries.

The next division referred to in the order in council is that of public information. Its purposes are:

To direct the activities of the bureau of public information; to collect and disseminate to the public information concerning the various phases of the war effort of the Canadian people and the activities of the government in relation thereto; and, generally, to coordinate the existing public information services of the government and originate or employ other means in order that the same may be used in the most efficient way for the obtaining of the utmost aid from the people of Canada in the national emergency which has arisen.

I like to think of the functions of the public information bureau as being carried out with one objective, to bring the war effort of this country as close to the hearts and minds of the people of Canada, and the people of Canada as close to our war effort, as it is possible to do. Indeed I conceive that to be perhaps the main objective of the department which has been placed under my charge.

The Minister of National Defence some time ago spoke of four things as being necessary for the successful prosecution of the war: men, munitions, money and morale. I hope that the department over which I preside may make some contribution towards keeping the morale of the country at its highest possible level.

The next division referred to in the order in council is the war charities division. The purpose of this division is:

To administer The War Charities Act and the regulations made thereunder, to cooperate with all organizations registered under The War Charities Act, including such organizations as are or may become subject to the supervision of the national war charities funds advisory board, and generally to promote, organize and coordinate different forms of voluntary assistance with a view to the most effective use of personal services or material contributions for the prosecution of the war and the welfare of the nation.

The next division that I shall refer to is the women's voluntary services division. This is a new division of the department, and I am very happy indeed to be able this evening to announce its creation. The purpose of this division is:

To promote the coordination of the voluntary efforts of the women of Canada and to encourage the organization of women's voluntary services on a community basis, with a view to their best utilization for the needs of their communities, the maintenance of national morale and the furtherance of the welfare of the nation.

Then there is another division that is called the salvage division, of which the purposes are:

To strengthen the spirit of thrift in the minds of the people of Canada; to encourage the conservation of raw materials and promote the salvage, collection and disposal of secondary raw materials; to direct and supervise the organization of voluntary salvage corps; to cooperate with other departments concerned with the conservation and use of secondary raw materials and assist in the making of the necessary arrangements between producers, dealers and consumers, and to prepare information for distribution.

These are the functions of the department which are authorized by the order in council.

Then certain statutory functions have been assigned to me. One of them is the supervision of the Canadian Broadcasting Corporation so far as broadcasting is concerned; another is the chairmanship of the national film board of which I shall speak later. Then further the administration of the Canadian travel bureau has been assigned to my department, and I have been asked to assist in the coordination of censorship activities throughout the various departments of the government.

I shall not attempt to speak of these various functions at any appreciable length. I shall not deal with the national registration or the manner in which that was carried out; that was very fully covered by my predecessor when he spoke earlier this year.

But I should like to say just a few words about the various functions of the mobilization division. The first of these functions has to do with the calling up of men for military training in accordance with the provisions of the national war services regulations made and established in virtue of the National Resources Mobilization Act and the War Measures Act.

As all hon. members are aware, the national war services regulations provide that every male British subject who has been at any time subsequently to the first day of September, 1939, ordinarily resident in Canada, while (as of July 1, 1940) of the ages of twenty-one to forty-five years inclusive and unmarried or a childless widower is liable during the continuation of the state of war now existing to undergo military training for such period as the governor in council may determine by proclamation. On or about the 1st day of July of this year men of the age classes of 21, 22, 23 and 24 as of July 1, 1940, and men as they become 21 years of age subsequently to that date, have been called out by proclamation. (The date of the proclamation as given, July 1, 1940, is not perhaps the correct date, but I have not the exact date now before me). The provisions of the national war services regulations are administered by thirteen administrative divisions established, roughly corresponding to the military districts of Canada. In each one of these divisions there is a board consisting of a chairman and two other members. The chairman of each board is a judge of a superior court or other court of the province in which the administrative division is located. The other two members are prominent and respected citizens of the community. In addition, authority to appear before the board at its hearings is given to a representative of the Department of National Defence and to a representative of the national labour supply council. The various national war services boards are completely in control of the administration of the regulations, and their decisions in all of the matters that come before them are final and conclusive. The Department of National War Services in Canada therefore does not deal with individual cases.

Mr. HANSON (York-Sunbury): Would the minister explain how those hockey players got out of the country?

Mr. THORSON: I shall be glad to deal with that when we are in discussion.

Mr. HANSON (York-Sunbury): I should not like the minister to forget it.

Mr. THORSON: The department in Ottawa does not deal with any individual cases. If the hon. leader of the opposition suggests that the departure of the hockey players was a result of any intervention on the part of the department in Ottawa I can inform him that he is entirely mistaken.

Mr. HANSON (York-Sunbury): I do not say anything of the sort, but I want to know how these young men got out of the country when they were subject to military draft.

Mr. THORSON: I shall deal with that subject when we come to discussion. All communications concerning any young men who are called out for military training should therefore be addressed to the registrar of the administrative division in which the man concerned resides.

Roughly, the purposes of the Department of National War Services in respect of the calling out of men for military training are these: The Department of National Defence indicates from time to time, usually monthly, the number of men that the department requires for military training. A requisition setting this out is sent to the Department of National War Services, and on receipt of instructions to that effect each divisional registrar selects the young men and sends them notices to appear before any medical practitioner in good standing. The men are selected by the divisional registrars from the several cities, towns, villages and the countryside, so that all portions of the division shall furnish men in as equitable a manner as possible.

Mr. HANSON (York-Sunbury): By what method does he select them? I know the practice, but what is the method of selection?

Mr. THORSON: The selection is by age groups; first the twenty-ones, then the twenty-twos, and so on.

Mr. HANSON (York-Sunbury): Has the registrar any right to say this man shall go and that man shall not go?

Mr. THORSON: He has assigned to him the duty of selecting men from the province or administrative division over which he has jurisdiction. I should like to deal more specifically with the question raised by my hon. friend when we get into the discussion.

Mr. TUSTIN: Did I understand the minister to say that a young man who is called up has the right to appear before any qualified medical practitioner?

Mr. THORSON: Yes, in the first instance, since all medical practitioners in good standing have been appointed examining physicians by the Department of National War Services. Therefore in the first instance a man may go to any doctor of his own choice. Then the medical certificates that come in from these practitioners are subject to scrutiny in the department. These medical practitioners examine the men in accordance with the physical standards for the examination of recruits as laid down by the Department of National Defence. The men who are found physically fit for training are then notified

to report at an indicated training centre of the Department of National Defence, where they undergo four months' training.

Mr. HANSON (York-Sunbury): May I just interrupt to ask whether this is the final medical examination? Are those reported fit accepted on the strength of that certificate, or do they undergo another medical examination when they report at the training centres?

Mr. THORSON: I do not think they do.

Mr. ROSS (Souris): Yes, they do.

Mr. HANSON (York-Sunbury): I think the minister should inform himself on that point.

Mr. THORSON: Once the men have been delivered to the training centre they come under the jurisdiction of the Department of National Defence and are no longer subject to the jurisdiction of the Department of National War Services. There has been a misunderstanding of the situation with regard to this military training.

Mr. HANSON (York-Sunbury): Before he leaves this question of the medical examination, would the minister take steps to inform himself not only with respect to the matter to which I alluded but also with regard to this situation? Young men go to their own family physicians and are reported unfit for service; is there any review of those cases?

Mr. THORSON: Yes.

Mr. HANSON (York-Sunbury): I should like to have that made quite clear.

Mr. THORSON: Yes, those cases are also subject to review by medical examiners of the department in the various divisions, who check up the rejections.

Mr. HANSON (York-Sunbury): I should like to know how many rejections have been checked during the year or so this plan has been in operation.

Mr. THORSON: I shall be glad to give full particulars in that regard.

I was dealing with the subject of the four months' training. The men are called up for this training under the provisions of a proclamation issued through my department. When they are delivered to the training centre they become subject to the Department of National Defence, which department has issued orders, which are now routine orders, holding these men in continuous service for the duration of the war. I am happy to say that the requisitions of the Department of National Defence have been filled by the Department of National War Services without any difficulties whatever. I should like to pay a tribute to the youth of Canada, to their parents and their friends, for the manner in which they have come forward, willingly and freely, for this compulsory military training—

Mr. HOMUTH: Have they any alternative?

Mr. THORSON:—as men who realize the vital and pressing need of preparing themselves for the defence of their country.

Mr. HOMUTH: Might I ask the minister if they have any alternative?

Mr. THORSON: Perhaps not, but I am commenting upon the splendid manner in which they have responded, and I should like to pay tribute to them. There have been very few delinquents indeed.

Mr. HOMUTH: Could the minister give us the number of delinquents?

Mr. THORSON: I think I can get that information for my hon. friend. The National War Services regulations contain special provisions that are designed to facilitate equitable conditions of mobilization. If the board is satisfied, for example, that the calling out of a man for military training will cause extreme hardship to his dependents, the board may postpone the training period of such man, provided that he applies for a postponement order in accordance with the regulations. Special consideration is also given, in accordance with the regulations, to employees of war industries and men engaged in seasonal occupations and in activities essential to the successful prosecution of the war. But I should remind hon. members that there are no exemptions, and that there are no indefinite postponements.

Mr. HOMUTH: I should like to correct the minister's statement. He has said that there are no exemptions, but he must admit that there are exemptions from military service for Doukhobors and Mennonites.

Mr. HANSON (York-Sunbury): And conscientious objectors.

Mr. THORSON: There are some persons who are excepted from the application of the regulations, but they are very limited in number. Those persons are set out in section 6 of the regulations, and include judges, members of the clergy, members of the naval, military or air forces, and the like. But those are classes that are excepted from the application of the regulations. I repeat that in respect of those subject to the regulations there are no exemptions and no indefinite postponements.

Mr. ROSS (Souris): Would the minister mind stating for how long the postponements

are granted? For instance, what is the limit in respect of the postponement a young man operating a farm or business might receive?

Mr. THORSON: Usually postponements do not exceed six months at any one time.

Mr. CHURCH: The department ought to be abolished; it helps Hitler more than Canada.

The committee rose and obtained leave to sit again at the next sitting of the house.

On motion of Mr. Mackenzie King the house adjourned at 10.33 p.m.

Wednesday, November 5, 1941

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SOLDIERS' DEPENDENTS—COST OF LIVING BONUS

Mr. FRASER (Peterborough West):

1. Does the cost of living bonus apply to the allowances paid to the dependents of members of Canada's armed forces?
2. If so, is it being paid in accordance with the index of the rise in the cost of living?
3. If it is not being paid in accordance with rise in the cost of living index, what provision is being made for these dependents to offset the increased costs of living?

Mr. ILSLEY:

1. No.
2. Answered by No. 1.
3. This matter is under consideration by the government.

IMPORTS AND EXPORTS OF STEEL SCRAP

Mr. REID:

1. What amount of steel scrap has been exported from British Columbia since June 1, 1941, to the end of September of the same year?
2. What has been the importations of steel scrap in quantities and values into Canada during the past twelve months ending September 30, 1941?

Mr. MacKINNON (Edmonton West):

1. Scrap iron or steel, 6,060 tons
2. Cast scrap, 43,392 tons—$908,933; wrought scrap, 267,675 tons—$4,306,836. Totals 311,067 tons—$5,215,769.

Mr. REID: Mr. Speaker, I would draw the attention of the Minister of Trade and Commerce (Mr. MacKinnon) to the fact that my question is this: "What amount of steel scrap has been exported from British Columbia since June 1, 1941, to the end of September of the same year." The answer places the amount of scrap iron or steel at 6,060 tons. My question is as to the amount of steel scrap. I am not interested in scrap iron.

Mr. MacKINNON (Edmonton West): I have not the answer to the question before me, but my recollection is that the question asked has also been answered in a return which I tabled. In any event I shall look into the matter, and, if necessary, answer to-morrow.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ROYAL CANADIAN AIR FORCE—VACUUM CLEANERS FOR FURNACES

Mr. HOMUTH:

1. How many vacuum cleaners for cleaning furnaces were requisitioned by the Department of National Defence for Air?
2. How many such vacuum cleaners were purchased?
3. To what air ports or training centres were they delivered?
4. From whom were they purchased?
5. What was the total cost of same?

Mr. POWER: Return tabled.

PRINTING AND ADVERTISING CONTRACTS

Mr. COLDWELL:

1. What printing or advertising contracts were placed with firms in Toronto, Hamilton, Ottawa, London and Windsor, by the dominion government during the year ending March 31, 1941?
2. Were all of such contracts let by tender, and were the lowest tenders accepted in each case?
3. If not, what contracts were let without tender, what contracts, if any, were awarded to other than the lowest bidder, and for what reason in each case?

Mr. CASGRAIN: Return tabled.

ST. LAWRENCE WATERWAY

STATEMENT OF PRIME MINISTER AS TO POSITION OF UNITED STATES LEGISLATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yesterday my hon. friend the leader of the opposition (Mr. Hanson) asked a question concerning the position in the United States of the Great Lakes-St. Lawrence basin agreement. Legislation to

give effect to the agreement is included in an omnibus bill also covering certain other works, which is now before the rivers and harbours committee of the United States House of Representatives. This bill has not yet been reported to the House of Representatives, but it is expected that it will be reported shortly.

WAR MUNITIONS AND SUPPLIES

CREATION BY UNITED STATES AND CANADA OF JOINT DEFENCE PRODUCTION COMMITTEE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to lay on the table of the house copies in English and French of a statement concerning an agreement recently reached between the President of the United States and myself to accept the recommendation of the joint economic committees of Canada and the United States that a joint defence production committee be established for the purpose of coordinating most effectively the activities of the two countries for the production of defence material. I might add that the establishment of this committee had been arranged before I visited Hyde Park, and is not in the nature of anything growing out of the meeting that took place there between the president and myself.

Mr. HANSON (York-Sunbury): Will that be published in the *Votes and Proceedings*?

Mr. MACKENZIE KING: If that might be done I should be pleased.

Yesterday the leader of the opposition also asked if the meeting between the president and myself was other than purely personal, as I had stated it to be. I would repeat what I have said already, that it was a purely personal week-end visit on the invitation of the president; but I would not like it to be assumed that the president and I had not discussed public matters. Certainly there was a very free exchange of both thought and information, and I cannot think of any subject we left untouched.

ALASKA HIGHWAY

INQUIRY AS TO REPORT OF COMMISSION

On the orders of the day:

Mr. E. G. HANSELL (Macleod): I should like to ask the Prime Minister if the commission appointed some time ago to investigate the Alaska highway has made a report; and, if so, will the report be laid upon the table this session?

[Mr. Mackenzie King.]

Right Hon. W. L. MACKENZIE KING (Prime Minister): I know there has been an interim report of some kind. But perhaps my hon. friend would let me give him a more complete reply to-morrow.

DIVORCE

JURISDICTION OF COURTS IN PROVINCE IN WHICH MARRIED WOMAN RESIDES—PUBLIC BILL No. 99

Mr. GEORGE BLACK (Yukon): Mr. Speaker, on a question of privilege I would call the attention of the government to public bills and orders appearing on the order paper, and particularly to a bill standing in my name as order No. 12. This bill has passed the senate and has had a first reading in this chamber. Would it not be possible to have second and third readings of the bill in the house, if not at this session, then when the house meets again pursuant to adjournment and before prorogation? If the house prorogues without finishing the business on the order paper, all that has been done before will be washed out and will have to be done again. The bill would have to have three readings in this house, three in the senate, and receive royal assent. It is all but through this house, and I would ask the Prime Minister (Mr. Mackenzie King) to give me some indication as to what might be expected.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I would like to do anything reasonable and possible for my hon. friend. He may have noticed however that the senate has adjourned until January 21, and I believe that we would be wise not to attempt to proceed with any bill at least until the present year is out.

Mr. HANSON (York-Sunbury): This bill is through the senate.

Mr. MACKENZIE KING: There would have to be royal assent as well. And in addition to that my hon. friend will realize that if we granted him this special request we might be faced with many similar requests, and it would be embarrassing to have to refuse any of them.

Mr. BLACK (Yukon): I understand that. I would not press to have it dealt with now. But could there be some assurance that this bill, and others in the same position, might be dealt with before this session is ended—perhaps next January?

Mr. MACKENZIE KING: I should not like to give any assurance about next January.

Mr. HANSON (York-Sunbury): Small hope.

THE WAR

INTERNATIONAL SITUATION SINCE JUNE 14, 1941—CANADA'S WAR EFFORT

The house in committee of the whole, Mr. Bradette in the Chair.

Hon. J. T. THORSON (Minister of National War Services): Mr. Speaker, at the adjournment last night I was dealing with applications for postponement under the national war services regulations. The board deals with each individual case on its merits. I think I may say, however, that in each case it is actuated by the national interest and the national economy. I would draw the attention of hon. members to the new section 14, which replaces the former one. This section appears in the *Canada Gazette* of October 7. Subsection 1 sets out the general principles upon which the board acts in consideration of applications for postponement. It reads as follows:

(1) When considering any application made in accordance with section 10 hereof—

This is the section which deals with the making of applications.

—the board before which the application is made shall have power to grant an advancement or postponement order when it is of the opinion that it is in the national interest to do so and, in granting such order, the board shall state the reasons for such opinion. No postponement order may be made for more than six months but, upon reviewing the application, the board may grant one or more extensions; provided that the board may cancel the order at any time for military reasons or for cause. Provided further that there shall be no exemption and no indefinite postponement of military training or service.

Mr. HANSON (York-Sunbury): What is the change?

Mr. THORSON: It is a lengthy regulation, but I would be prepared to read it.

Mr. HANSON (York-Sunbury): I did not wish the minister to read it. I thought perhaps he would be so familiar with it that he could tell us in a word what the change is.

Mr. THORSON: The section in question makes it perfectly clear that in each case the board shall have sole disposition. The previous regulation contained a provision which placed certain responsibilities on the minister.

Mr. HOMUTH: Is the change not to the effect that it establishes these exemption boards?

Mr. THORSON: No; the boards were in existence before. But this removes from the power of the minister the indication of any particular kind of direction to the board.

Mr. HANSON (York-Sunbury): It takes the pull off the minister.

Mr. THORSON: It does more than that, although it does that to some extent. It sets out the principles upon which the board shall be governed in each case of application for postponement.

Then, subsection 2 of the new section 14 is as follows:

(2) When considering an application for postponement order by a man engaged in farming, fishing, lumbering, trapping, mining, placer mining, gold prospecting, seafaring, railroad transportation, public utility, or engaged in an occupation which the minister has declared to be a seasonal occupation or one essential to the successful prosecution of the war or in the national interest, the board shall take into account the supply of labour available and the importance of the particular applicant's occupation to the national economy.

I am reasonably well satisfied that these national war services regulations as amended by order in council P.C. 7680 appearing in the *Canada Gazette* of October 7, 1941, will enable the divisional boards to reconcile the needs of the fighting services with those of war industry, farming and other essential occupations in the national interest. These postponement applications have imposed very heavy duties upon these boards. I should like to pay a tribute to the boards for the manner in which they have discharged their most difficult functions.

Mr. HANSON (York-Sunbury): What was the occasion for the amendment? Was a request received from the boards, or was there some loose position that needed to be tightened up?

Mr. THORSON: It was suggested from time to time that directions should be communicated to the boards with regard to certain classes of occupations. The purposes of the amendment will be perfectly apparent to any one who studies the former regulation and the present one side by side.

Perhaps the committee might be interested in knowing what has happened with regard to these postponement applications. It may be interesting to know that out of 19,186 applications for postponement received from farmers during the first nine military training periods, 10,046 were granted by the divisional boards, or 52·4 per cent. The total number of applications for postponement in connection with all seasonal occupations, war industries and others, amounted to 43,390, of which 28,812 were granted, or 66·4 per cent.

There are some aspects of the system that are not very satisfactory. The calling up of men for military training has revealed that the

state of health of Canada's youth is much below what might properly be considered the standard of fitness for young men in a virile nation. Out of a total of 217,588 men examined up to October 2, 1941, only about 56 per cent were placed in category A, the only category that is accepted for training at the present time by the Department of National Defence. This is a serious situation, and the plans for the reconditioning of these men who have been rejected are under consideration by an interdepartmental committee consisting of representatives of the Department of National Defence, the Department of Pensions and National Health and the Department of National War Services. Naturally, we are interested in this situation, and if it is possible to recondition these men so that they may be made fit for service, every possible effort will be made in that direction.

Mr. HANSON (York-Sunbury): Would the minister indicate how the experience here compares with the draft situation in the United States?

Mr. THORSON: I am not able to make that comparison.

Mr. STIRLING: It is very similar.

Mr. THORSON: I would think that perhaps there would not be a great difference between the experience of the United States and that of Canada, but I have not the figures for the United States before me from which I could make an exact comparison.

Mr. MACKENZIE (Vancouver Centre): A total of 900,000 men were rejected out of 2,000,000, and of those 200,000 are to be reconditioned immediately.

Mr. MacINNIS: Are any steps being taken to improve the health condition of those youths who are not yet eligible for the draft? The minister has said that those who have been rejected are to be reconditioned if possible in order that they may be accepted for service, and that seems a rather hit-or-miss policy to pursue. We should begin at the foundation; we should see that those who are coming up will have such a measure of health that they will be able to pass.

Mr. THORSON: The hon. member has raised a serious question, but I think he will realize that I can hardly attempt to deal with such a matter during a discussion of the national war services regulations and their operations.

Mr. MacINNIS: I would think so.

Mr. THORSON: The hon. member has brought up an important question which is worthy of the utmost consideration.

[Mr. Thorson.]

Mr. MacINNIS: I would think that the minister was speaking for the government, not just for his department.

Mr. THORSON: I am trying to outline the manner in which the national war services regulations have been working and the experiences which have resulted from their operations.

Mr. McGREGOR: Has the minister the figures for the different provinces?

Mr. THORSON: Those are all available, and if the hon. member is interested in those figures they will be available to him. I wonder if I might not proceed with the general discussion of the matter and then deal with the various questions that may arise later on. Hon. members will appreciate the fact that there are numerous regulations, that their aspects are manifold and that it would be difficult to cover the operations of my department in a general way unless I confine myself to the highlights, if indeed there are any.

The number of men called for military training under the regulations for the first three training periods of thirty days was 94,852; for the fourth to ninth periods under the four months system, 28,605, or a total of 123,457. The men who reported to training centres during the first three periods numbered 89,524; for the fourth to ninth periods, 24,000, making a total of 113,524. I was in error yesterday when I stated that I thought there was no subsequent medical examination. The fact is that there is an examination when the men report to the training centres.

The number of men rejected on medical grounds during the first three periods numbered 7,823; for the fourth to ninth periods, 2,177, or a total of 10,000. If we take the 1,102 men who reported late for training and who were accepted, and deduct the number rejected on medical grounds, we have a total of 104,626 men who were given training in the first nine training periods.

Mr. BROOKS: Is there not a duplication there? Some men reported for the thirty days and were afterwards called up for the four months.

Mr. THORSON: Not in this table. There are still a number of men who have done only thirty days training and who are being called up under the new proclamation.

Mr. BROOKS: They are being called up at present?

Mr. THORSON: Yes. There are, as members will realize, a great many other questions arising out of the regulations, but I think I may say this in a general way, that

while there are difficulties to be ironed out, the national war services regulations have in the main worked out in a highly satisfactory manner.

I should like now to pass on to another function that is assigned to the mobilization division. That is the raising of women volunteers for service with the active forces. In addition to the calling out of men for compulsory military training, the mobilization division of the Department of National War Services is responsible for the recruiting of women volunteers for the Canadian Women's Army Corps and the Canadian Women's Auxiliary Air Force. In view of the ever-increasing demands upon Canada's available man-power by the armed forces, war industries, agriculture and other essential occupations and services, the government announced on June 26, 1941, its formal decision to form women auxiliaries for the Canadian Army and the Royal Canadian Air Force. These auxiliaries will permit the releasing of considerable numbers of men already in the service for combatant duty elsewhere. Several thousand women volunteers who will serve as full-time auxiliaries in the armed forces will be enlisted within the next year. From time to time the Department of National War Services is asked by one of the defence departments to find women volunteers who are qualified in accordance with the standards laid down by the armed forces. All these applications for enlistment are received into the Department of National War Services, where the applicant's qualifications are carefully assessed, candidates possessing the required qualifications are subsequently notified to report for medical examination and those who are physically fit are notified to report for enlistment.

Since the 1st of September of this year, when the first women's recruits were received, some 600 women have been enlisted in the Canadian Women's Auxiliary Corps and the Canadian Women's Auxiliary Air Force. As the facilities for the proper housing of the women personnel are carried to completion by the defence departments, larger numbers of women will be notified to report for enlistment. The response of the women of Canada to the appeal for volunteers has been magnificent. Up to the present time approximately 16,000 women have written to the department. They have been given the necessary information with regard to enlistment and have received the necessary application forms, and we have in the department over 5,000 applications from women who are being accepted for service later on. I should state that included in this number is a very considerable number of women from the United States who have indicated their desire to serve with their Canadian sisters in these auxiliary services. In order to build a large reserve of physically fit and qualified women volunteers, plans towards the intensification of recruiting are now being worked out. With the exception of a very few direct entry officers appointed by the armed forces concerned, all promotions to non-commissioned officer or officer rank will be made from the ranks by the defence department concerned.

I should like to pay tribute to the many women's volunteer organizations throughout Canada which have in a commendable and patriotic spirit trained women with a view to fitting them for more active participation in the war effort of this country. The women of Canada are playing an increasingly important part in the war effort. For the first time in the history of this country with the exception of the women in the nursing services, the women of Canada are taking their place side by side with the men. But this is not the full extent of the contribution which the women of Canada are making to our war effort. By the thousands Canadian women are working in armament and munitions plants and in first-aid classes and are contributing in innumerable other ways to the cause of victory.

There is one other function of the mobilization division to which I should like to make passing reference. The prisoners of war information bureau of the Department of National War Services gives information to next of kin concerning Canadian sailors, soldiers and airmen who have fallen into the hands of the enemy, Canadian merchant seamen who have been taken prisoner of war and Canadian citizens who are interned in enemy or enemy occupied countries. After it has been definitely ascertained that a Canadian has become a prisoner of war and the next of kin has been notified by the service to which he belongs or, in the case of a merchant seaman, by the ship on which he was employed, the case is turned over to the prisoners of war information bureau. It is the duty of this bureau to keep the next of kin advised on all matters pertaining to these prisoners of war and internees. Instructions covering all the regulations established under the international convention relative to prisoners of war are sent to the next of kin, and they are given information as to how to communicate with the prisoner, how to forward parcels and what such parcels may contain.

Recently the government asked the Department of National War Services to undertake an additional function. Canada will send to the aid of Britain Canadian fire fighters for

service in Britain. In this way Canada will once again answer the call for assistance and will send civilian fire fighters to assist in the protection of the lives and property of those persons in Britain who are so barbarously being attacked from the air. The chief of the new unit which will consist in the first place of approximately 400 men has been appointed, Mr. D. A. Boulden, chief of the Winnipeg fire department. The work of organizing the corps is progressing, and it is hoped that this corps may be in a position to render assistance to Great Britain in a very short period of time.

If I may now pass from this division to that of the division of public information, I should like to say a few words with regard to this important function which has been assigned to my department. I can say this with regard to the bureau of public information, that with the exception of the stage, it now operates in every known field for the distribution of news and informative material on the Canadian war effort and has done so since the start of the fiscal year. I do not intend to detain the committee with a great volume of statistical matter with regard to the number of releases, the number of items of literature that are put out by the bureau; but I should like to say just a few words with regard to the manner in which the bureau functions and the activities of the various branches of the bureau.

In addition to the material which the bureau produces itself, it also acts as a distribution centre for news material produced by the three departments of national defence, the Department of Munitions and Supply, the War-time Prices and Trade Board, and the Department of National War Services. The mailing list includes every daily and every important weekly newspaper in Canada, and, for public information material, that is material which is prepared by the bureau itself, about 400 daily and weekly newspapers in the United States. All of the United States newspapers to which I have referred have especially requested this material.

The French branch does not concern itself with any activities in the United States, but otherwise it operates in the same way as the English one.

One of the important activities of the bureau lies in the photographic field. The bureau maintains its own photograph branch with two staff photographers. It also acts as a distributing organization for the air force, the army and the navy; but, as their photographic services have not been particularly active in the period under review, that is since the end of the last fiscal year, about 90 per cent of the work is initiated and carried out by the bureau of public information. It sends these photographic prints to Canadian papers and Canadian syndicates, to United States papers and United States syndicates, to other parts of the empire, to publications other than newspapers and syndicates, and sends a considerable number for window and other display services. In the period that I have mentioned there was a total distribution of photographic prints of over 45,000.

In addition to the photographic prints, the photographic branch also looks after the production and distribution of mats which are sent to the daily and weekly newspapers. An exclusive service is provided for the weekly newspapers, this being the first time that the weekly newspapers of Canada have been so treated, and the weekly newspapers have on many occasions expressed their appreciation of the service thus rendered.

Since August of this year a weekly mat service has been distributed in the United States. This service is sent only to those newspapers which ask for it; and the total has now reached over 2,000 small weeklies and large dailies per week.

The bureau of public information also operates in the motion-picture field, and I shall have much pleasure later on in the course of my remarks to say something about the magnificent performance of the national film board and the relationship between the national film board and the bureau of information.

The bureau of information also operates in the closest cooperation with the Canadian Broadcasting Corporation.

The public information Sunday night programme, "Carry On, Canada!" is now in the twentieth consecutive month of its career, and recent surveys have indicated that it still holds, if not the top-ranking position, very close to the top-ranking position among all commercial or non-commercial radio features originating in Canada. The bureau works in the closest possible manner with the Canadian Broadcasting Corporation in the production of this feature, providing many of the ideas and much of the basic material, and steps are now under way for the further strengthening and improvement of that feature.

In April, the radio feature "Canadians All" was still on the air, and continued until the middle of May, attracting a wide audience and much favourable comment.

A French section is on the air with the radio feature "l'Histoire en Marche", which is a sort of French version of "Carry On, Canada!" It also has several features in the process of organization.

Then I should like to say a few words about the library which exists in the bureau of information. I think I may safely say that the bureau of public information maintains what is undoubtedly the best war library in Canada based upon topical information. Most of the material is secured from newspapers and magazines, although a number of important books on war subjects are also on its shelves. A small staff of readers scans fifty Canadian fifteen United States and seven British daily newspapers a week, and 123 Canadian and ten United States weekly papers a week. They mark material which they consider of interest, and these items are then clipped. The approximate number of clippings filed each month is over 3,000. These are filed by fully qualified librarians in accordance with library procedure and are instantly available on very short demand. Approximately 260 periodicals, weekly, monthly and quarterly, are read and indexed each month. The value of the library branch of the bureau of public information is becoming more and more widely known, and no day passes without its visitors and frequent requests for data.

In addition to the members of the bureau, who, of course, make an extensive use of the library, members of parliament are using it; so are the high commissioners with offices in Canada, Washington and London; consulates in Canada; libraries and universities in Canada, the United Kingdom and the United States; schools and study groups; news writers and editors. The library can, I am sure, be of very great service to anyone who wishes to obtain material on any subject affecting the war, because, in addition to the factual material which is on the files, the library is also in the possession of regular source material on almost any subject related to the war.

I am happy to be able to say that there is the utmost cooperation between the bureau of public information and other publicity branches of the various departments which have such publicity branches. Members of the bureau attend all meetings of the recruiting committee of the Department of National Defence, and I think I may say that they have contributed valuable service to that committee, not only in an advisory capacity but also in the actual carrying out of some of the activities. Similar assistance is also being rendered to the other war departments of the government. The office has cooperated in the closest possible manner with the Department of National Defence and the Department of Munitions and Supply in respect of various activities of those departments.

When I took over the functions which have now been assigned to me, I saw the terms in the statute relating to the coordination of the existing public information services of the government. I also had before me the experience of other ministries of information in attempting to bring together into one department the publicity branches of all other departments. There had already been set up in many of the departments of the government publicity branches that were doing most excellent work, and I came to the conclusion that it would be both unwise and undesirable to attempt to bring all the publicity branches of all the departments into one department under one head.

Mr. HANSON (York-Sunbury): Is the bureau of public information attempting to edit any of the material that comes from these other publicity sources, or does it pass out such material irrespective?

Mr. THORSON: In respect of its functions as a distributor for the departments of national defence, of munitions and supply, and the other departments I mentioned a moment ago, it acts only as a distribution agency and does not in any way reedit the news releases that come from the departments. Instead of seeking, therefore, to bring all the publicity branches of all departments of the government into one department, we set upon a different course—that of establishing an interdepartmental committee composed of representatives of the various publicity branches of all the departments of government. The chairman of this interdepartmental committee is one of my deputy ministers, Hon. T. C. Davis. Included in this committee, in addition to the representatives of the bureau of public information, are representatives of the three branches of national defence, of the Department of Munitions and Supply, of the Department of Labour, of the Wartime Prices and Trade Board, of the Bank of Canada, of the Foreign Exchange Control Board, of the Canadian Broadcasting Corporation, of the National Film Board and of the Department of External Affairs. Other departments are invited to send representatives to this committee whenever subjects of interest to their own departments are to be discussed. The committee sits once a week for the purpose of determining how best the various publicity branches of all the departments of the government may cooperate to the one end, namely, the furtherance of the war effort of Canada and the accomplishment of the objective of this department, that is to say, to bring the people of Canada and the war effort of the nation as close to one another as possible.

I believe in this cooperative attitude to the various publicity branches of the departments of the government, rather than in the coordinating attitude, if one means by that the attempt to bring all the publicity branches of the government into one channel. Indeed, I am of the opinion that it would be wise and in the public interest that in every department of the government which has any great impact upon the public there should be a publicity or public relations branch. The need for proper public relations between the departments of the government and the people, is, I think, of paramount importance; indeed, I believe that a proper sense of public relationship is an essential element of democratic government.

Our literature distribution is based upon actual demand from the public; that is to say, we do not send out large quantities of unsolicited printed matter. Roughly speaking it can be said, that all literature sent out by our office is sent because it is asked for. During the past six months, from May 1 to October 31, we have distributed a total of over 13,000,000 pieces of printed matter, not including posters. This total is broken down into English 8,537,845, French 3,835,576, and bilingual 649,728.

I should like to call attention particularly to a leaflet that has been produced by the bureau of public information, entitled Canada's War Record. This is a leaflet with which all hon. members are familiar. It is full of facts about Canada's participation in the war. It was designed primarily for presentation to persons crossing the United States boundary, to enable southbound Canadians to talk intelligently to their friends in that country about the war effort of Canada, and to inform northbound travellers about our war effort when such travellers enter Canada. This leaflet is revised and re-issued each month. In June our first experimental printing of it totalled 100,000 copies. Since then there has been an ever-increasing demand for this particular publication, and in October it was necessary for us to print 550,000. It appears likely that in a few months we shall be obliged to print about 1,000,000 copies per month to meet the demand that has arisen.

I may say in passing that the British ministry of information are interested in the distribution through south and central America of several million copies of the leaflet, printed in Spanish. I cannot give an exact statement as to how many copies of the leaflet are being distributed throughout the United States, but I think I may safely say that over a quarter of a million are being circulated there per month at the present time.

[Mr. Thorson.]

I might say more about one other activity of the bureau of public information, namely, that which has to do with the publication of posters. We are making very considerable progress in that regard. While there has been a great deal of progress in the activities of the bureau of public information, I for one am not entirely satisfied that we have gone as far as it is possible to go. In the field of public information it is rarely possible, if indeed it ever is, to go as far as it is desirable to go. However, we have in mind the establishment of other branches of the bureau, one of which will deal with the people of Canada who speak languages other than English or French. We have in mind also the establishment of a speakers' branch of the bureau of public information.

The subject of the activities of the bureau or of the government in the matter of public information in the United States has received a great deal of attention from the administration, but I cannot add to what the Prime Minister has said, that the method of giving additional information to the United States with regard to the war effort of Canada is under careful consideration. In respect of the activities of the bureau of public information, I should like to pay a tribute to Mr. Lash and to his associates for their devotion to duty, their unremitting efforts, and their very considerable success in the promotion of public information.

I said yesterday that the object of the bureau of information was to bring the war effort of Canada as close to the people, and the people as close to the war effort, as possible. I realize the difficulties involved. I realize, too, that ministries of information have exceedingly difficult tasks imposed upon them. I have admitted that I am not fully satisfied with the steps that have been taken; but I can say that a great deal of progress has been made and I am confident that a great deal more progress can and will be made. In the bureau we now have a staff of able men and women, for whose efforts I am very grateful. I can further say, in a general way, that while the task in connection with public information is a difficult one, it is likewise an interesting one. There is a challenge in the difficulty itself. I have not in the past shrunk from challenges when my heart was in a cause. My heart is in this cause, and I shall not shrink from the challenge that presents itself in this particular field.

Now I shall deal somewhat briefly with other functions related to the matter of public information.

Mr. HANSON (York-Sunbury): Before the minister leaves this topic, surely he intends to

deal with the startling statement of the director which I read into the record yesterday. I want an answer to that challenge; I want to know how this department is "entoiled in the meshes of the red tape of an archaic system of government." There is a challenge to the minister which he must meet, and not with platitudes.

Mr. THORSON: It might also be well if the leader of the opposition would quote the whole of the statement.

Mr. HANSON (York-Sunbury): I had not seen the whole statement up to the time of preparing my address.

Mr. THORSON: This is what Mr. Lash said:

I could talk to you about the work of my office, but to me that is a somewhat difficult subject. Public information has done some useful things but, like a number of other war departments, it is so entoiled in the meshes of the red tape of an archaic system of government that the things it has been able to do are not, in the opinion of those of us who work there, as important as the things it might have been doing, and which—

This is what the leader of the opposition did not mention:

—we hope we still may be able to do.

This is simply the statement of a man who has come into the public service, expressing some irritation over some of the necessary, essential controls. If the whole speech is read in its totality, it is simply the expression of a man who is intensely keen to do everything possible and who realizes the impossibility of doing everything at once. For instance, he finds himself confronted with the necessity of building up a staff, which perhaps he cannot build up as quickly as personally he would like to do; yet he has the hope that the job may be done, and the determination that the job will be done.

Since its inception the Canadian Broadcasting Corporation has carried on an important activity. When I assumed supervision over the broadcasting aspects of the corporation I attempted to enunciate certain general and fundamental principles; and I pledged myself then, as I do now, to the maintenance of the integrity of the Canadian Broadcasting Corporation as an independent corporation and a great national instrument. I hope to defend it to the utmost of my ability against its enemies, if it has any. In its programme department the broadcasting corporation has continued to seek an expansion of war effort features, on the one hand commentaries and special broadcasts, and on the other hand the development of new entertainment ideas. As an example of growing interest I may mention the fact that following the end of the first series of "We Have Been There" talks, which featured personal impressions given by competent observers fresh from visits to the United Kingdom, nearly fifteen thousand paid requests for copies of the talks were received at the offices of the corporation. Notwithstanding the fact that these programmes were carried only in Canada, requests for copies of this booklet also were received from most of the states of the union. This fact alone, without taking into consideration the programmes carried on behalf of the Canadian Broadcasting Corporation by the various United States networks, is evidence that the story of Canada's war effort is reaching at least a part of the population to the south of us.

I should point out that the Canadian Broadcasting Corporation does not function as a news-gathering agency. It is not responsible for the gathering of news; it relies upon authorized news agency dispatches for the preparation of the bulletins.

In the United Kingdom the Canadian Broadcasting Corporation's overseas unit, which now has a staff of six, plays an ever-increasing part in maintaining the link between Canadians at home and overseas. A steady weekly flow of programmes is transmitted between Canada and the old country through the medium of short wave relay and recordings. Regular news bulletins, news features and important declarations are transmitted from Great Britain, recorded and distributed by the broadcasting corporation's receiving station near Ottawa, and then broadcast over a nation-wide network, as well as over some stations in the United States.

Contemplated Canadian Broadcasting Corporation programmes include a series entitled "Brothers in Arms," which will tell the stories of nationals of occupied countries who have fought their way out from under the nazi yoke to arrive in Canada and train with the armies of freedom.

Generally I may say that the Canadian Broadcasting Corporation plays an increasingly important part in furthering the war effort of the country, and plans are under way for further cooperation between the broadcasting corporation and the bureau of public information.

Now I should like to say something about the national film board, and I speak of the activities of this board with great joy and pride. The activities of the board are now spreading over almost all the world that is not under nazi domination.

Perhaps the outstanding work that the board is doing in the production of films is being done for the director of public information, under the now well-known film series called

"Canada Carries On." These films which deal with the broader aspects of Canada's war activity come out once a month. They circulate in French and English versions to about nine hundred theatres in this country. The Canadian audience for each film is estimated at approximately 2,500,000 people. I believe I may quite properly say of the "Canada Carries On" films that they are noted for their dramatic quality not only in Canada but in the wider film industry outside Canada. Arrangements have recently been completed which will ensure their theatre circulation in most of the countries of the world free from nazi domination.

May I give a brief indication of the manner in which the distribution of these films has proceeded. I have told the committee that the films appear in approximately nine hundred theatres in Canada. They are contracted for by the theatres, which are indeed glad to have them, by reason of their quality. Lavender prints from which new negatives and other prints may be taken are sent to the news reels in New York, the Twentieth Century Fox in Australia, the Ministry of Information in the United Kingdom and the High Commissioner for Canada in the Union of South Africa.

The "Canada Carries On" series is distributed in Australia, New Zealand, the Netherlands East Indies, and the Straits Settlements through the Twentieth Century Fox Film Corporation. They also go to Thailand and India. Some seven hundred to eight hundred theatres exhibit these films in Australia and New Zealand. Figures for the other areas in Australasia are not available at the moment, but a recent report indicates that between forty and fifty theatres exhibit these films in Thailand.

The High Commissioner for Canada in the Union of South Africa has arranged for theatrical distribution of the films in the "Canada Carries On" series through Metro-Goldwyn-Mayer, Twentieth Century Fox and The American Consolidated Theatres. These comprise all the major theatres in south Africa.

In the British West Indies, Columbia Pictures of New York distribute the "Canada Carries On" series commercially throughout the theatres of the British West Indies.

In the United Kingdom the "Canada Carries On" series was first distributed through Paramount Pictures. It reached several hundred theatres. Distribution of national film board war productions in the United Kingdom is now in the hands of the British Ministry of Information, and we have not received complete reports from them. The government film commissioner has lately arranged for the United Artists to distribute one of the recent films, "The Battle of Oil," in the United Kingdom.

In the United States the national film board has not undertaken extensive commercial distribution, but several issues of the "Canada Carries On" series have been widely shown in news-reel theatres from coast to coast in such cities as New York, Cleveland, Chicago, San Francisco, Los Angeles and other places.

I believe I can say generally that the distribution of this series is proceeding in a satisfactory manner in many parts of the world. These films have ranged in subject matter from descriptions of life in the Canadian forces, such as the pictures, "Heroes of the Atlantic" and "Soldiers All" to descriptions of Ottawa office workers and Winnipeg volunteer women's services, and the vital war contribution of Canada's miners, as in the pictures "A Tale of Two Cities" and "The Strategy of Metals." They have ranged from an account of Canada's religious and racial tolerance, in the picture "Peoples of Canada," to the strategy of the battle of Britain, the war work of the scientists, and the significance of the world's struggle for oil. "Churchill's Island," for example, "The Battle of Britain" and "The Battle for Oil" are illustrative of what I have said.

Perhaps the most remarkable film picture ever taken is that of "Churchill's Island", for it actually depicts German gunners firing their guns, and shows German airmen taking off. These pictures were actually taken by Germans themselves, then captured and incorporated in the thrilling picture known as "Churchill's Island".

I believe Canada is very fortunate in having as commissioner of the national film board a man of such genius in the film field as Mr. John Grierson. In addition to its activities in this field the board carries on other activities for many other departments of government. They have produced numerous films, trailers and the like in support of the campaigns for recruits, war loans, war savings, salvage, oil conservation, and even the cheerful payment of income tax.

The board is also active in the promotion of tourist activity.

It has been an important part of our work in the board to command large theatre audiences for films which describe the Canadian war effort, and stimulate civic cooperation. The national film board, however, regards it as equally important to bring this film service to the rural communities of Canada, so many of which are out of touch with the theatres. Working in cooperation with the departments of education of the provinces, the national film society, and vari-

ous groups within the film industry itself, the non-theatrical circulation of the national film board productions has been greatly extended, and we now have repositories of our government motion-picture films in all parts of the country, so that they are easily available to educational, civic, agricultural and other interested groups. It has been a special satisfaction to me to note that our films have been particularly useful in the teaching of citizenship in both schools and training camps.

I wish the time at my disposal permitted a wider treatment of this extremely interesting activity which has been placed in my charge, but I should like to say that it is the policy of the board to make all its films in both French and English versions. In certain cases, however, films are produced in French alone, on account of the specialized interest of the theme. For example, owing to the lack of French news reels we issue monthly a news reel produced under the title of "Les Actualités Canadiennes". This, however, does not exhaust the various linguistic responsibilities of the board. For our south American circulation we are obliged to make Spanish and Portuguese versions; for south Africa we have undertaken to make an Afrikaans version, and in the circulation afforded to some of our films through the British Ministry of Information we are involved in other languages still.

I hesitate to interject a personal note, but it was my great pleasure to speak the commentary in Icelandic for one of the films produced by the Canadian National Film Board and subsequently sent by the government of Canada to the government of Iceland. This film was entitled "Iceland on the Prairies". We are gradually getting together many films of the same kind depicting the life of various racial groups which recognize this country as their own. My work as chairman of the national film board has brought me into a new and unaccustomed field, but I must confess that it has had special forms of attraction. I am satisfied with the progress that has been made and am proud of the fact that we have such an organization in existence in this country at this time.

I am speaking at greater length than I thought I would, but I should like to say a few words about another division of my department, the one having to do with war charities. This division exercises important functions in respect of the supervision of war charities. These war charities occupy an important part in the war effort of this country because they afford an outlet to thousands of men and women in Canada who are anxious to make some contribution to the war effort of this country. Early in the activities in this department the administration of the War Charities Act was assigned to this department. The department seeks to exercise the greatest possible care so that only bona fide funds may be registered. All war charities must be registered. We seek also to avoid any attempt at commercialization of war charities and to coordinate the various activities of the many war charities that now exist in this country.

The object of the War Charities Act is to provide a measure of control and regulation over the voluntary efforts of organizations throughout Canada who may desire to raise funds for war charitable purposes. A war charity fund is defined in the act as "any fund having for its objects or among its objects any purpose, charitable or otherwise, arising out of or connected with the war". Under the act any organization which makes an appeal to the public for donations or subscriptions in money or in kind for any war charity fund or which attempts to do so by sponsoring a bazaar or any other form of entertainment for that purpose must be registered.

Since the act was assented to on September 13, 1939, and up to October 29, 1941, a total of 1,312 central funds have been registered. In addition, 821 branch funds have been registered under certain central funds, which makes a grand total of 2,133 war charities funds registered in this manner. During this period the registrations of some 15 funds were cancelled by the administrator, while the cancellation of 49 registrations was requested by the funds themselves. The registrations of 31 central funds have been cancelled because they are now operating as branches of registered funds. This leaves a net total of 1,217 central funds, 852 branch funds, or a grand total of 2,069 war charities operating in Canada at the present time.

I cannot give an exact statement of the amounts of money that have been raised by these various war charities, but I can make an approximate statement. About $27,000,000 was reported from September, 1939, to March 31, 1941. Of course this includes the Canadian Red Cross Society appeal of 1940 and the Canadian war services fund drive of March, 1941. With regard to the subject of war charities generally, may I say that the department feels that the whole field of war charities has now been fairly well covered and that it should not be necessary for new organizations to be constantly brought into the field. I would suggest that a consolidation of effort rather than an expansion in the number of funds should be sought. The division of war charities will seek to carry this principle into

effect and an effort will be made to prevent any rapid increase in the number of organizations to be registered under the act.

I would point out that under the provisions of the act it is necessary for all funds to furnish an audited financial statement of their receipts and expenditures as at March 31 of each year. This year financial statements will be required as at December 31.

In the course of the administration of the War Charities Act it has been found necessary to make an effort to ensure that a larger percentage of the money contributed by the people for war charities should actually reach the war charities and not be eaten up by organizational or other expenditures. Accordingly a new regulation, No. 15, was promulgated recently. This provides as follows:

No fund registered under the War Charities Act, 1939, shall undertake any special project such as a carnival, bazaar, show, exhibition or other entertainment unless the estimated cost of such special project shall not exceed 25 per cent of the anticipated gross proceeds, and registration shall not be granted to any fund which proposes to undertake any such special project except subject to the condition that the estimated cost of any such project shall not exceed 25 per cent of the anticipated gross proceeds.

The purpose of this regulation is to ensure that at least seventy-five per cent of all money contributed for war charities shall actually reach the war charities.

It has also been found that the bringing in of talent from outside Canada is a costly way of raising funds for war charities. Another regulation, No. 16, has, therefore, been enacted, providing as follows:

A registered fund which plans to engage the services of entertainment talent from outside Canada must first secure the permission of the minister.

These regulations were passed for the purpose of ensuring that the greatest portion of every dollar that the people of Canada contribute to war charities shall actually go to the war charities.

Another important function has been assigned to the war charities division. It is related to the one I have just discussed, but it is more closely concerned with the supervision of the great national organizations such as the great auxiliary war services organizations, the Canadian Red Cross Society, the Independent Order of the Daughters of the Empire, the Navy League of Canada, and other such national organizations.

All of these are war charities; to the department has been assigned the important function of exercising budgetary supervision in respect of the amounts for which they wish to make a national appeal. There are five of these national auxiliary war service organizations, having their sponsorship in such organizations as the Canadian Legion, the Knights of Columbus, the Salvation Army, the Young Men's Christian Association and the Young Women's Christian Association. These national organizations are concerned with the supplying of auxiliary services to Canadian troops both at home and abroad. They operate in their activities under the direction of the director of auxiliary services in the defence department. Last spring all five of these national organizations came into one united joint drive for funds, together with the Independent Order of the Daughters of the Empire in respect of the branches of that order in the four western provinces. The objective which the joint drive had in mind was $5,500,000. The people of Canada contributed $7,000,000. Last year the Canadian Red Cross Society conducted a separate drive. Its objective was $5,000,000, and the Canadian public contributed $6,000,000.

Last year an effort was made to bring about a united drive in which the national auxiliary war service organizations and the Canadian Red Cross society should combine. The efforts that were made to bring about such a joint drive failed for a variety of reasons. I am very glad to be able to say that now, in the next national drive, the national auxiliary war services organizations that I have mentioned, and the Canadian Red Cross Society will join in one national appeal in the spring of 1942 at a date to be announced later. I am also glad to be able to say that the Navy League of Canada, which has been doing such excellent service in the interests of the men of the sea, will also join in this national drive. Other applications for leave to join in this drive are under consideration.

The government has been seeking to reduce the number of national appeals to the Canadian public for funds, and to coordinate and systematize these national drives. The general policy of the government is this, that the fall of the year should be reserved for drives of a peace-time nature, such as community chest drives and appeals of other public welfare organizations of a similar nature; for the government realizes the necessity of maintaining the ordinary everyday charitable activities of the communities of Canada. Then it is proposed that the spring shall be reserved for all the national war service organizations, including organizations which supply auxiliary services to our troops, the Canadian Red Cross society and other national organizations. This

will leave the rest of the year clear for the necessary government financing by way of campaigns for war savings certificates and war loans.

Next year, in the spring, the joint drive of which I have been speaking will probably make an appeal to the Canadian public for a large sum of money, from seventeen to twenty million dollars. It is therefore essential that there should be as close a supervision as possible over the budgets of these organizations, for the sum of money which I have indicated is a very large one. But just as no appeal which has ever been made to the Canadian public has failed, so I am confident that the Canadian people will respond to this appeal that will be made to them in the spring in order that the magnificent services performed by these organizations may be carried on with full success.

In December of last year, under order in council P.C. 7273, dated December 11, 1940, an advisory board was established by the Department of National War Services entitled the National War Charities Funds Advisory board, under the chairmanship of Mr. C. L. Burton. This board deals in the first instance with all applications for leave to conduct a national drive. The board functions only in an advisory capacity. It is through the operations of this advisory board that the principles of budgetary control and supervision of expenditures are applied. All the funds that are contributed by the public of Canada in respect of the national auxiliary service organizations go into the custody of one central organization called the Canadian War Services Fund Incorporated. No moneys are paid out of this fund except on the direction of the minister. The minister acts on the recommendation, if he approves it, of the advisory board of which I have spoken.

I have attempted to stress again and again the importance of the strictest budgetary supervision and the strictest control of expenditures. It is not the wish of this department to curtail activities. We do not exercise budgetary control or supervision of expenditures with a view to curtailing services —not at all. We know that the public contributes all of this necessary money and that if it is not obtained from the public the services cannot be performed at all. Therefore I like to think of this exercise of budgetary supervision and control of expenditures as being in aid of the objectives of these organizations and helpful to them. The public is entitled to know when an appeal is made to it for funds that there has been a strict scrutiny of the budgets, that the objectives are worth while, and that there will be the most careful check on expenditures. I have indicated to the committee the manner in which we are trying to give that assurance to the public. All the funds contributed by the public go into the fund. They are paid out only on the direction of the minister, and the minister has the benefit of the advice of the advisory board which I have mentioned, and that advisory board exercises careful budgetary supervision over the budgets presented by the various organizations before they go into the drive. The objective of the drive is fixed after the budgets have been carefully supervised in this manner. Then the expenditures are made only in the manner that I have indicated. If the public contributes more than the objective of the drive, as was the case on the occasion of the last drive, then the various organizations who participate in the drive submit supplementary budgets to the advisory board; these supplementary budgets are checked with care and recommendations made to the minister to write to the central fund advising that moneys may be released from the fund.

Speaking generally with regard to the organization of war charities, while a good deal remains to be done in the matter of coordination of war charities, I may fairly report that satisfactory progress has been made.

With regard to one other division of my department, the division of women's voluntary services, I stated yesterday that I was very happy indeed to be able to announce the creation of this new division. I was glad to be able to announce it by reason of the increasing participation of the women of Canada in the war effort of our country. I have indicated to the committee the splendid manner in which the women of Canada have volunteered for active service in the Canadian Women's Auxiliary Corps and in the Canadian Women's Auxiliary Air Force side by side with their brothers in arms. I have indicated also the magnificent contribution that is being made in everincreasing degree by the women of Canada in the war factories, the munitions plants, and the war industries of Canada generally. But the women who serve in the armed forces and who work by the thousands in munitions plants and war factories are not the only women who are doing war service in Canada. The women who keep the heart of the nation sound by doing their daily tasks in the homes and in the communities are doing war service of the highest possible order. It is essential in time of war, even more so than in peace time, that the life of the community should be maintained, that the aged and the needy should

be assisted, that the dependents of our fighting men should be comforted in time of need and that the men themselves should be encouraged and remembered. It also is essential that the great national war auxiliary services organization, and such great national organizations as the Canadian Red Cross society and other war charities, should be fully supported. The women can organize in a variety of ways; two plans were at first suggested to me: one, that representatives of the great women's organizations of Canada should be asked to assemble in Canada in a conference with a view to building a great women's organization for coordination purposes. That plan was discarded. The great national women's organizations of Canada are doing excellent service in their own respective fields. Another plan is being adopted in the place of the one that I have mentioned. It is in the communities of Canada that the women of Canada will be doing their work. We have therefore felt that we should take steps to promote the organization by the women themselves of women's organizations on the basis of what I shall call community solidarity. The women in their own communities can organize and coordinate their activities on the basis of this community solidarity. They can form pools of volunteer workers in their own communities for all of the purposes of the communities and for the purposes of the nation as well. In that way, I suggest, they can best mobilize their efforts in the maintenance of the morale of our country; for I feel this, that if the needs of the community are met as only the womenfolk can meet them, the heart of the nation will be kept sound. Many of these tasks performed by the women of Canada are dull and prosaic. There is not a vestige of glamour attached to them, and no publicity. Yet they are necessary tasks in time of peace; they are vital when the nation is at war. Our women in this respect are the guardians of the morale of the nation. It is my hope that this new division will be of considerable assistance in that regard.

I shall deal only very briefly with the remaining division which has been assigned to my department—the salvage division. The origin of this division lay in the fact that there was a large salvage movement in Great Britain and in other parts of the commonwealth, and also in the fact that hundreds of Canadians were writing to the various departments of the government suggesting that much might be done to assist the war effort by the collection of salvage. With that in mind, the officials in the Department of National War Services suggested a salvage campaign. While at that time there did not appear to be any great apparent shortage of material, the first thought of the campaign was to further the spirit of thrift in the minds of our people and provide an outlet for the patriotic desire of many people to assist in the war effort. It was also anticipated that, as the war industries increased their demands, there would be an evergrowing demand for raw materials, making the collection of salvage absolutely necessary. As a result of the interest and cooperation of the members of the house and officers of public and service organizations, the division has succeeded in moulding public interest in the salvage campaign to such an extent that the division is now in communication with 2,227 voluntary salvage corps. The main object of the campaign was to promote salvage through the organization of voluntary salvage corps operating in the various communities. The salvage division of my department is in constant communication with these organizations, seeking to advise them as to the types of material for which there is a demand, the methods of collection, and available markets. Where it is necessary, these salvage organizations are required to register under the War Charities Act.

There has been a great deal of activity and interest in the salvage campaign, and questions have been raised as to the success of it. May I say in a general way that in some localities the campaign has been an outstanding success; in other localities the success has been only moderate, while in still others there has been very little success. There have been many difficulties in the way, difficulties arising out of the collection and disposition of the salvage, difficulties of freight and transportation. The division has been operating under a comparatively small staff, but it has been felt that its activities should now be increased, for it is now evident that the collection of salvage is increasingly necessary. Consumer and material controllers of the Department of Munitions and Supply and the material administrators under the war-time prices and trade board have indicated to my department the urgent necessity of procuring increasing quantities of various classes of material, and have requested us to intensify the campaign for its collection.

The division is now working in close cooperation with the controllers of the Department of Munitions and Supply, the material administrators of the war-time prices and trade board, the department of Trade and Commerce, the export licence control board and the foreign exchange control board. In order to regulate the distribution of steel, iron and other metals, bones and paper,

products of essential war industries, these materials are now placed under export control, and the salvage office is required to advise the controllers as to quantities of material made available by voluntary salvage organizations, and the quantities available in industry. For the purpose of stimulating interest in the salvage campaign, and in order to meet the views of those who are concerned with the salvage, collection and disposal of secondary raw materials, and to ensure that this shall be done as efficiently as possible, authority has recently been granted for the appointment of field organizers and inspectors. It will be the duty of these officers to promote the organization of new voluntary salvage corps where they do not exist, and to stimulate the activities of those that are at present operating; also to bring about the utmost cooperation between persons gathering salvage, those collecting it and bringing it to central stations, and those disposing of it, so that the activity may be as useful as possible.

I hope that many of the difficulties which we have found in the course of launching this campaign will be overcome. I do not know that the committee will be interested at this stage in the results, but I might observe that through two hundred salvage organizations the salvage collected and disposed of represented a total value of $254,982, or an average of $1,270 each. This money is used as a direct contribution to war charities of one kind and another.

During September of this year the department inaugurated a special drive for aluminum, which was sponsored by the Canadian Red Cross society, and although full reports are not yet available, information to hand would indicate that this drive will result in the Red Cross receiving approximately $75,000. The facts, however, with regard to this phase of the department will be available very shortly.

I shall say only a few words with regard to the Canadian travel bureau. The importance of the Canadian travel bureau lies in the fact that through the coming of tourists from the United States to Canada we are able to obtain essential United States exchange, which we must use to such a great extent in the financing of our purchases in connection with our war effort in that country. Since the outbreak of war, the development of Canada's travel industry has assumed a much greater importance to the successful operation of our war-time economy. The building up of United States exchange within our country has enabled increased purchases to be made of vital war supplies from the United States, and that has naturally been one of the major efforts of the government. The flow of tourist travel to Canada is now one of the chief factors in acquiring and conserving much-needed United States dollars.

In this connection it has been the policy of the bureau to seek to increase this flow by expanding and developing a promotional campaign for tourist traffic from the United States. The war has brought its difficulties. It has caused a change in the travel habits of people of the United States, just as it has done in the habits of the Canadian people. The foreign exchange control board, keenly desirous of holding our exchange position to the best possible advantage, found it absolutely essential to prohibit Canadian pleasure travel in the United States. This regulation, essential as it was in the interests of the general economy of Canada, created some feeling in the United States, particularly in those parts that border on Canada. The regulation was misinterpreted and rumours were current, not perhaps so much this year as the year before, that United States citizens bringing money into Canada could not take any of it out. There were other activities of an adverse nature in the United States. In June of this year the necessary gasoline regulations were put into effect and these also caused considerable difficulty.

By and large, however, there has been a great improvement in the tourist industry in Canada this year. Despite the unusual problems that have confronted the travel industry of Canada, to which I have made reference, I think hon. members will be interested to learn that up to the end of September of this year our tourist traffic had increased and expanded in all parts of the dominion. Until June of this year the tourist figures were running behind those of a year ago; but in July this traffic showed a substantial increase. Up to the end of September 3,122,683 automobiles had crossed into Canada from the United States. In the month of July Canada had 2,585,041 tourist visitors; in August, 2,741,112 and in September, 1,304,467. In other words up to the end of September Canada had welcomed 11,492,811 tourist visitors, an increase of 286,825 tourists over the corresponding period in 1940. While these figures are encouraging I am free to state that I am not entirely satisfied with the Canadian travel bureau. A careful study is being made of the whole subject, and every effort will be made to bring about the improvements which I think are desirable.

Now, Mr. Chairman, I shall conclude an address which I find has become altogether

too long, in spite of the fact that I have tried to compress it as much as possible while still endeavouring to give the house some outline of the activities of my department. I should like to say how deeply I have appreciated the loyal support I have received from my two distinguished deputy ministers, Major-General LaFleche and Hon. T. C. Davis, as well as from every member of the staff of my department. I should like also to express my appreciation of the kindness of hon. members on both sides of the house since the Prime Minister honoured me with this appointment, for which I thank him deeply. This support and this kindness have made my task very much easier than it would otherwise have been.

Hon. J. L. RALSTON (Minister of National Defence): Mr. Chairman, I dislike to begin with an apology, but hon. members will understand that I have not had a great deal of opportunity to get together, at least in condensed form, the information which the committee might desire from me. Neither have I had an opportunity to consult my colleagues with regard to the matters which were discussed overseas. I am afraid the presentation I am about to make may be somewhat disjointed, but I shall endeavour to do my best to give information in which hon. gentlemen may be interested and, according to the arrangement made, to answer questions when the time comes to deal with the various subjects which will be brought up during the course of the statement.

May I say a word with regard to the army programme for 1941-42 which the Prime Minister and I announced early in the year. The highlights of that programme were the sending overseas during this year of a large number of corps troops and reinforcements; the sending overseas of an army tank brigade, which up to that time had not been even mobilized; the sending overseas of a third division, which had been mobilized and was in training, and the sending overseas of the armoured division, which at that time was mobilized but in a very preliminary stage of training. I am glad to say that, with the exception of the armoured division, that programme has been carried out. I obtained the figures just a short time ago, and I find that since March 11, when I last reported to the house, no less than 41,843 other ranks have gone overseas, together with 2,484 officers. So that at the present time we have overseas the first and second divisions; the third division, which went overseas in July; the army tank brigade, and thousands of corps troops and army troops, to which I want to refer with a little more particularity later on. We have in Canada the fifth armoured division, which according to the programme is to go overseas before very long. We also have in Canada the fourth division, which was mobilized at the time I last spoke; and since that time authority has been given for the mobilization of the three brigade groups of a sixth division. In addition to that we have authorized, just lately, the mobilization of another five companies of the forestry corps, so that the Canadian forestry corps will consist of twenty-five companies when this additional authorization goes overseas. Then we have the coast defence artillery, on both the east and west coasts, together with a number of battalions doing coast defence duty—that is to say, carrying out protective duties in cooperation with the artillery on both our coasts—and finally we have the troops in Newfoundland and the West Indies.

This sums up briefly the material side of the situation of the Canadian army at the present time. Apart from that there is the reserve army, which consists of something like 150,000 men just now.

Mr. MacNICOL: In Canada?

Mr. RALSTON: Yes, in Canada. That is the extent of the progress that has been made since I last reported to the house.

As part of the day's work, and not with any special errand in mind, I went overseas a few weeks ago together with the chief of the general staff, and Lieutenant-Colonel Currie, my executive assistant, and Lieutenant-Colonel Cameron, secretary to the chief of the general staff. If I were to outline the purposes of the visit I think I might say the first purpose was to see as much as I could of Canada's fighting forces in the old country; second, to consult with Lieutenant-General McNaughton and Major-General Montague regarding many matters of organization and administration, all of which took considerable time; third, to review with our officers and the war office the task of the army in the war and the part which the Canadian army could most usefully play; fourth, generally to be informed at first hand regarding conditions and developments, because as hon. members will understand, in making plans for the future with regard to Canada's contribution on sea, on land, in the air, and in the fields of munitions production and finance, it always helps to get as close to the situation as possible; fifth, and not least important, to repeat that rare experience, as I told the press in England, of meeting and talking with the citizens of the British Isles, those indomitable people who give to those of us from the western hemisphere who go there both an inspiration and a challenge by their courage and steadfastness.

I am not to-day going to go into the lengthy discussions which we held over there. It was a great satisfaction to see the Canadian troops. I spent four days with them. The first day was with the holding units, the second day with the third division, the third day with the second division and the fourth day with the first division. I am sorry to say, however, that I was not able to see a great many of the personnel of the first division. That was a gala day for the first division, in that Her Majesty the Queen graciously presented to the Saskatoon Light Infantry the colours of that battalion. A great day it was, indeed!

I am speaking at present to my hon. friends the leader of the opposition (Mr. Hanson), the hon. member for Yale (Mr. Stirling), and other colleagues who went with them, as well as some others who have been over there, and I know they will agree with me that all that has been said about Canadian troops is not too much. I speak with regard to their keenness, their alertness and their readiness to do whatever job may come their way, and as to their intentness not only in their training but also in those operational tasks they are carrying on. I saw them in a variety of activities, not only in training but in actual operational activities as well. My hon. friends know they are holding an important part of the line. At the time I visited one of the divisions, it had just taken over.

I saw ceremonial parades as well. I can say to the committee and to the people of the Dominion of Canada that the morale of the Canadian troops is good—and I say that without any reservation. I said that they are alert and that they are keen—and they are. They have good, Canadian common sense. They know that we cannot defend the citadel—and we have been calling England the citadel of freedom—without troops, and that, at the moment, their job is just where they are.

They were greatly bucked up, shall I say, by their participation in what has been called "bumper" exercise. Those were tremendous exercises in which troops of the United Kingdom, imperial troops, as well as Canadian troops, took part. It was an exercise which covered something like eight days in time. I am not sure whether or not it was in progress when my hon. friends were overseas. It was, however, a test of both the endurance of the men, the endurance of the vehicles and of equipment generally. There were many amusing stories—stories about generals who had been captured, and stories about platoons which had been cut off.

The chief lessons which were learned, and the outstanding points in connection with the exercises were perhaps three in number. The first was the usefulness of the communications with which the army is equipped. When one understands that communication has to be maintained between vehicles in columns miles and miles long on the tortuous roads in England, when orders are constantly being changed, and those changed orders have to be communicated to the driver of each vehicle, he realizes that it is a test of both the army communications themselves, and the men who operate them.

It was a tremendous satisfaction to the officers with whom I talked to feel that those communications had stood the test, and that the men had stood the test under what were at that time abnormal circumstances. I believe the men, as a matter of fact, bivouacked for the whole eight nights. They travelled about four hundred miles altogether. Changed orders came from time to time. The column which had started for a particular point early in the morning might receive at ten o'clock in the morning verbal orders—they had no written orders—calling on them to go to some other point. That information had to be communicated all the way down the column, which stretched for miles and miles. Then, probably in another hour a dispatch rider would rush up and deliver another verbal order indicating a change in destination to some other point. Those were two of the factors, namely communications, and the ability to find their way about. The Canadian battalion and Canadian units reached the places to which they were directed.

The third factor was the test with regard to the maintenance of vehicles. I was going to say something about this later, but I might as well mention it now. I do not know of any more important task in the modern army than the maintenance of vehicles. That was illustrated beyond doubt in those exercises. The men learned perhaps more than in any other way how important it was for the driver mechanic, night after night, to go through the routine with his vehicle, to go over the number of operations laid down in the book for him, in order that he might be sure his vehicle would start in operations next day. The vehicles stood the test remarkably well. I am not so sure that the tanks did as well as the transport vehicles. Nevertheless, all that experience was to the good. From the imperial officers in command I heard the most glowing references to the part which the Canadians played in the exercises.

I found this, that the men of the Canadian corps—and I am not speaking of the "bumper" exercise, and not simply of the officers—those in the line, which is only about forty miles

away from the enemy, were each of them fully aware of what their job was, and how they were to do it. Seeing the dispositions, it appeared absolutely clear on the ground, that they were prepared for whatever might come and that each individual man would see to it that the fort was held.

Barbed wires and guns are not the whole thing in connection with the defence of the island. They do not by any means tell the whole story. Those men with strong bodies, clear heads and hearts of oak realize their responsibilities, and I have not any doubt that Hitler would get a warm reception, should he attempt the invasion which has been threatened for so long.

May I say also that although I did not see the actual unit, I did see the officers in charge of the tunnelers, who have made such a record for themselves at Gibraltar, and who are operating in England as well, particularly in connection with aerodromes and tank traps. They also operate in connection with certain public services, where they are doing an extremely fine and important job to provide power for one of the most important manufacturing projects operating in the United Kingdom.

That is just a general appraisal of the Canadian corps and Canadian troops, as I saw it. Something has been said—I do not think there has been very much lately—with regard to the task of the Canadian corps. As I said a moment ago, they have common sense. They realize what the situation is. They realize, too, that if Hitler had invaded England in September, 1940, as was expected, they would have been in the thick of it. They realize, too, that if, instead of going into Russia after the invasion of Crete, Hitler had come to England, they again would have been in the middle of it. They realize, too, that at the present time their job is to buttress the defences of the British isles, and at the same time to train, to work, to prepare and to be ready for any job of any kind, anywhere, any time, for which they may be needed. They know that their task is to see to it that the enemy's plans are frustrated, and that Hitler is driven back.

I do not think any finer tribute could be paid than that which was paid by Mr. Churchill at the dinner tendered to the Prime Minister of Canada (Mr. Mackenzie King) by the Lord Mayor of London. On that occasion Mr. Churchill said:

> You have seen your gallant Canadian corps and other troops who are here. We have felt very much for them that they have not yet had a chance of coming to close quarters with the enemy. It is not their fault; it is not our fault; but there they stand, and there they have stood through the whole of the critical period of the last fifteen months at the very point where they would be the first to be hurled into a counter-stroke against an invader.
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> No greater service can be rendered to this country, no more important military duty can be performed by any troops in all the allies. It seems to me that although they may have felt envious that Australian, New Zealand and South African troops have been in action, the part they have played in bringing about the final result is second to none.
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> The war effort of Canada during this war, happily, has not so far required effusion of blood upon a large scale. But that effort, in men, in ships, aircraft, air training, in finance, in food, constitutes an element in the resistance of the British empire without which that resistance could not be successfully maintained.

Perhaps I should have mentioned that the boys were bucked up particularly by the Spitsbergen operation. As you know that was an operation of about a week and it took place after intensive training at a special coastal training area where the men were instructed in invasion tactics and beach assault as a prelude to the expedition. The purpose of that expedition is given in a dispatch which was sent us. It was to destroy existing stocks of coal, to paralyze mining facilities, to destroy radio and meteorological stations, and to evacuate Russian and Norwegian miners. These tasks were all accomplished with a minimum of dislocation and in record time. Naturally the troops were envied by their comrades when they came back from this expedition to within 750 miles of the north pole. That is with regard to my visit to the troops.

I had a number of discussions with Captain Margesson, the Secretary of State for War, with Sir John Dill, the chief of the general staff, with General Brooke, commander in chief of the home forces, and I should have said with the Prime Minister of Great Britain, Mr. Churchill, with Lord Cranborne, with Lord Beaverbrook and with others who had the particular information which we desired to get. One of the things I wanted to ascertain was in regard to a matter mentioned yesterday by the leader of the opposition (Mr. Hanson)—the views over there as to the role of the army in this war. There has been an idea that the army will play some sort of minor role, that this really is a navy and air force war. Let me say to you that from the views which were given to me it was made quite clear that the role of the army in this war is and will be no minor one. The navy and the air force have been and are bearing the shock and stress of battle, and words cannot adequately express the measure and the quality of their contribution. But there is no illusion that this war can be finished without an army to meet and, with the cooperation of ships and planes, eventually beat Hitler's land forces. The navy

and the air force must keep the sea lanes open for men and supplies. They must slow up and retard invasion. The army must repel it. The navy and the air force must deal with the enemy by blockade and bombing. The army, supported by the other services, must eventually strike the decisive blow.

As in Jugoslavia, in Greece and in Crete, so to-day in Russia, it is Hitler's land forces whose clutches are reaching for Russia's throat. Hitler's drives have been to enslave people and to win territory, and the army, the land forces, have been his major instrument. France and Greece and Crete and Russia have all been overrun, and it is the army which must be called upon both for resistance and for effective counter-offensive when the time comes.

So that for a minute or two I want to speak of the activities of the army and with regard to recruiting for the army, to which the leader of the opposition referred yesterday. The army has a major role to perform, but in building up a Canadian army alongside the requirements of the navy and the heavy calls for the gigantic air training plan there was bound to be some difficulty. Owing to the pressing needs of the navy and air force the only restriction upon taking in man-power for these services has been the provision of physical equipment. Otherwise the sky has been the limit. We in Canada have put first things first, and no one questions the policy of giving the right of way to the requirements of the navy and air force. Those two services must build up quickly. The immediate necessities of both these services have made it impracticable for them to make any concessions to industry. That is to say, men have been taken on no matter what their trade and technical qualifications in civil life might be. This meant that the army and civilian needs divided up the remainder of the eligible men. The army has already made clear the policy which still prevails, that of giving leave to men who enlist if a board decides that they are for the time being essential to war industry.

Army enlistments called for in the recruiting campaign of last summer were forthcoming, and I think, and I said so at the time, that it represented a thumping answer by the young men of Canada to Hitler. The full returns showed over 34,000 enlisted and about 48,000 actually volunteered. This was in addition to the 15,500 who enlisted in the navy and air force. So that in all over 60,000 young men volunteered during that period to serve in the fighting forces of Canada. The house will recall that the campaign for the army was a special call, and, as I pointed out, it was only a chapter in the story. The steady month to month requirements had to be met right through to the end of the book.

Civilian committees helped tremendously, but not unnaturally when the objective was reached there was bound to be some let down in activity. The assumption was that if we could enlist men at the rate of 12,000 or more per month in the campaign, there ought to be no difficulty in enlisting 7,000 or 8,000 under the influence of the momentum which had been generated. But there was a definite falling off. As the figures show, in the last four months, since the campaign, we have asked for 37,000 odd, and something over 24,000 have actually enlisted.

I do not want to make any excuses, but there were at least three major factors which had an effect upon that effort. First, there was a further and unexpected expansion in the air training plan. This arose out of discussions in England by my colleague, the Minister of National Defence for Air (Mr. Power). When he came home he found it necessary to indicate very definitely that there was a need for a further unlimited number of men in the air force. This need has been repeatedly emphasized, and an intensive and nation-wide effort has been made to recruit airmen. The result has been that since that call from the minister there have been no less than 35,000 enlistments in the air force.

Another factor was the rapid expansion in industry. I could not help thinking as I listened last evening to my colleague, the Minister of Munitions and Supply (Mr. Howe), tell of the peaks which were being reached in industrial production what an effect that must have had upon any campaign calling for men. The rapid expansion which my colleague so graphically described was bound to absorb a large number of men. I must say that there has been a gratifying recognition by many industrial executives of the needs of the army. In many instances readjustments have been made to release men for the services, and industrial executives have been slow in taking on men who are eligible for military service. But the pull of increasing war production has been a heavy one nevertheless.

A third factor which was bound to have its effect was the difficulty of convincing our young men, and in many cases their families as well, that more men were needed for the army. People could not understand why we had to keep on getting men. The assumption was that the reinforcements needed must be small because the casualties were confined to normal wastage and accidents causing medical unfitness. As I have already tried to explain,

that assumption is wholly unsound. There is a constant drain even in these quiet times, resulting from discharges for medical unfitness of men who cannot stand the strain of fast-moving, energy-consuming activity in training and operations. Unfortunately that drain will increase heavily when active operations begin.

Another drain upon enlisted man-power is the steady call for men to increase establishments and to form new units. I heard a good deal of that when I was overseas this time. We have experienced it already. The organization for modern war is constantly changing. The war office, from experience gained in fighting on the part of British and allied forces, have found that units need more personnel to do a certain job. They have changed the organization accordingly, and the Canadian army has changed with them. They have found too that new units are necessary to perform special tasks which have been done previously by the more or less standard formations. They have found that units formed to do a certain task could more usefully and effectively be used in other roles. In order to be more self-dependent the Canadian corps has found it necessary to ask for special units not contemplated even by the British establishments. Not a few of them were formed on the spot as the need arose, from reinforcements from the holding units in England. These will eventually have to be replaced. This has required men in thousands and equipment as well. And so to meet our need of men for the army, men are required, first, to replace those discharged from time to time as unfit; second, to provide for new units or an increase in the establishment of existing units; and third, as reserves for battle casualties. These requirements go on ceaselessly month by month. I should like to impress that upon hon. members. I know that within this house and in the country there is some sort of idea that you do not need men because the army so far has done no fighting. But this increase in establishments is going on continually, also the formation of new units, and there is a continual drain by reason of medical unfitness. The reserves have to be kept up.

Mr. MacNICOL: What is the monthly wastage in the Canadian active service force?

Mr. RALSTON: I can only tell my hon. friend this. There has to be an arbitrary figure, as he will understand, for monthly wastage. To make a rough estimate just to give my hon. friend some idea, I would say that the wastage might be between 2,500 and 3,000 a month.

Mr. STIRLING: The minister just now arrived at a figure of 24,000 recruits who had recently come in. Was that before medical fitness had been attested, or after?

Mr. RALSTON: I spoke of 34,000. I said 48,000 had volunteered—

Mr. STIRLING: I understood the minister to say that 38,000 had been asked for and 24,000 had enlisted.

Mr. RALSTON: I beg the hon. member's pardon. The number asked for was 37,000, and 24,000 have been enlisted. We have to remember that every unit sent overseas or formed over there necessitates provision for the maintenance of a supply of reinforcements. It is not enough to give a unit its complement of men any more than its complement of Bren guns or 25-pounders up to the number called for by the war establishments. Spares and spare parts must be provided for against wear and tear, accidents, and enemy action, and that applies to men as well as to machines. That is why I have said we need from 7,000 to 8,000 men per month to take care of wastage, to provide for new and increased units and to build up reinforcements; and the need for men is bound to continue, although at a diminishing rate, as the British organization becomes more standardized.

So far I have dealt with the matter of recruiting and the fact that our recruiting has fallen short of the full quotas asked for, and I have indicated some reasons why that may be so. Here is the situation as I see it. The government of Canada, pledged to a full-out war effort, has authorized the mobilization of the first division, the second, third, fourth, and fifth armoured division, and the brigade groups of the sixth division. In addition, thousands of corps and army troops have been authorized and raised. The first duty we have is to keep up and maintain these formations. I want to impress this on the committee as I did over the radio a short time ago that this is not the job simply of the Department of National Defence. It is a pledge given by the government of Canada in the name of the people of Canada, and it is the people of Canada themselves who have the obligation to see to it that the men in these units are backed up to the limit and that the Canadian Army which has been authorized is kept strong and reinforced. That need has been put before the citizens of this dominion more than once, but we have to repeat and repeat and repeat that the need is there. If we believe what the Prime Minister of Great Britain, the Prime Minister of this country and the leader of the opposition have said with regard to the

seriousness of this war and what we ourselves know in our hearts to be true, namely, that this is a desperate fight for Canada as well as for the rest of the world, then it seems to me that we can with the fullest confidence rely on Canadians to support their army.

Mr. MacNICOL: The minister has referred to six or more divisions. I would ask him now if that is the final objective.

Mr. RALSTON: I will deal with that in a moment when I am dealing with the question raised by the leader of the opposition. I want to say again, with all the emphasis and with all the sincerity I can, that this is not a matter to be left simply to the Department of National Defence and civilian recruiting committees. It is up to the members of this house and the people they represent to put their hearts and wills and energies to this task of inducing and convincing the young men of this dominion that their place is in the Canadian Army. We in the Department of National Defence will do our level best to help to organize the recruiting which is necessary. The problems are not the same in every part of Canada. In some districts we must deal with a population which is largely agricultural. In others our young men, from the nature of their environment, are more interested in the naval service, for instance. In highly industrialized areas we have the special problem of the cooperation which is necessary with industry so that we shall not denude our factories of the skilled labour necessary to the continued production of armaments. Consequently recruiting efforts are decentralized to the various military districts throughout the country, and where possible the district officer commanding is assisted by civilian committees.

A couple of months ago we appointed two civilian directors of recruiting, Colonel James Mess, of Toronto, and Leon Trepanier, of Montreal. They have made a study of the whole situation and at this moment are actively engaged in interesting and enlisting the services of civilians all over this country. I think we have taken a step forward in the development of that organization, and that as a result we shall have a closer relationship between the civilian and the army. The efforts of the committees have already given ample evidence of the growing desire on the part of the people of Canada to get behind the army's effort in its need for men. These men and the committees through which they work will stimulate the public in the service of the army and bring to all our citizens a keener appreciation of the fact that the army is the individual citizen's army, and not an outside organization of which they know nothing and care less.

Mr. HARRIS (Danforth): May I ask if the broadcasts being made by Colonel Mess are nation-wide?

Mr. RALSTON: I am sorry I cannot tell my hon. friend. As a matter of fact I did not know that he was making broadcasts.

Mr. HARRIS (Danforth): Perhaps at some later time the minister will tell us.

Mr. RALSTON: We expect to be able through this organization better to meet the demands of the public for information, to provide an organization for the distribution of information regarding the army's activities and requirements, to secure the support of civilians for our army's effort, and to indicate to the people that a public movement is behind the army in its need for men. I have already expressed to hon. members my appreciation of the help they have given in connection with the recruiting campaign which started in May last. I want to ask each individual hon. member for continued support, by assisting personally in every possible way the actions of the local committees.

My hon. friend the member for Davenport asked about the objective. That was also the question which my hon. friend the leader of the opposition asked yesterday; he inquired as to the ultimate objective of man-power which it is hoped Canada will contribute. I can answer him in one sentence and in one phrase. It was used by the Prime Minister; in fact it has been employed repeatedly by him. He used it in his speech at the Lord Mayor's banquet. Canada is determined to contribute "to the utmost of her strength". You cannot count that in divisions alone. I might refer the hon. gentleman to a somewhat similar phrase which I used in March, when, speaking to the house, I said I told my friends overseas that Canada's contribution was an all-out contribution; and by "an all-out contribution" I am not talking about divisions alone; I am not talking merely of squadrons, of ships, of production, of finance; I am talking about a balanced programme which represents the very best and most that Canada can do. That is the ultimate objective.

In this connection may I say to my hon. friend and to all members of the committee that I do not think we quite realize, when we are speaking of divisions, just what we have. Here I am not speaking complacently or saying that this is the last word by any means. I would only indicate to my hon. friends that sometimes there is not an appreciation of the degree to which we have gone. I am speaking now particularly of the army. We think of the Canadian corps as consisting of three divisions and an armoured tank brigade, to be joined before long by the fifth armoured

division—that, along with the artillery regiments, the signals, the engineers, ordnance, and army service corps units. But as a matter of fact we have supplied many units which would be needed to work with the corps when that corps becomes part of an army. To-day we have overseas three divisions and an army tank brigade, and a fifth division soon to go overseas, with their ancillary units, and corps troops, and army troops, the fourth division here, and mobilization going on of the three brigade groups of the sixth division. Our forces in the United Kingdom alone consist not merely of three divisions but of over 300 units of various types; and these corps and army troops are formed to serve the corps as a whole or to be apportioned and attached to serve a Canadian division or divisions in case it or they should be detached for the time being to another corps. I am satisfied that there is not in the United Kingdom a corps as complete in that respect as the Canadian corps. At the present time the Canadian corps has developed almost from a corps to an army by reason of the line of communication troops and the corps and army troops which have been added to it. Yet we still think of a corps as consisting of three divisions, the army tank brigade, and, soon, the armoured division. May I tell the committee that to-day there are fifty per cent more corps and army troops in the Canadian corps of to-day, although no battles have been fought, than there were in the Canadian corps of 1915 to 1918.

Mr. CASSELMAN: How many Canadian soldiers are overseas at the present time?

Mr. RALSTON: Over 110,000. That is exclusive of the air force. I am giving my hon. friend a round figure; the number is more than that; and when I say "overseas" I am referring to those who are outside Canada. The leader of the opposition asked for a separate statement with regard to those outside Canada but not in England. I feel that it is not desirable to make that figure public, but I now intimate that I shall be glad to give it to him in confidence.

As I say, we have the Canadian corps, consisting of those 300 units. In the air force alone are 90,000 men, the equivalent of more than four divisions.

Mr. MacNICOL: They are all overseas, are they?

Mr. RALSTON: No. Then there is the fourth division in Canada, the brigade groups of the sixth division, and the coast defence units.

In the navy we shall have before long the equivalent of two divisions.

[Mr. Ralston.]

I want to point out to the committee, so that we may not get a distorted idea regarding this matter of enlistments, that since the middle of May, 1941—that is, during the last six months—the army has recruited 59,502 men; the air force has recruited 35,108 men, and the navy has recruited 11,163 men, or, in the last six months, a total of voluntary enlistments of 105,773.

Mr. HARRIS (Danforth): Has the minister the number of those who have been rejected?

Mr. RALSTON: No. The only way, I assume, one can get it is by taking the percentage of rejections and adding them to this figure.

Mr. MacNICOL: Are the 105,000 enlistments in the active army?

Mr. RALSTON: No; there were not 105,000 enlistments in the active army during that six months period. That is the number of enlistments in the army, navy and air force. There were 59,500 in the active army; the numbers I gave for the army have reference to the active army.

That is Canada's war activity from the point of view of man-power. Hon. members have already heard from the Minister of Munitions and Supply of Canada's war activity from the point of view of production. I am sure it impressed the committee, as it will impress the country. The committee will hear from my colleague, the Minister of Finance, of Canada's participation in the war from the point of view of finance. It seems to me that Canada's war activities are nothing to apologize for and nothing to deprecate; in men, munitions and money they constitute a tremendous effort; but I want to assure the committee that we shall keep right on.

A preliminary study of the man-power situation in Canada has just been made. The chief of the general staff and I have returned from England after consultations with the general officer commanding the corps, and our friends in the United Kingdom. I have had no opportunity as yet to report to my colleagues. The war committee of the cabinet will be examining the situation thoroughly in the light of Canada's potentialities, and in the light of the needs, to determine the most effective ways in which the army can act and in which the army programme for 1942 can be developed as part of our war effort; and that, of course, will take account of the other calls on our resources of man-power and of materials. Therefore I say to my hon. friend that that is our objective—an all-out effort to the utmost of our strength based on a study of the situation and in the light of other calls which are necessary upon our resources.

In the meantime I want to stress again that the important task which cannot be shelved or ignored is that of seeing to it that the formations which we at present have are kept up to strength and in fighting form.

Mr. ROSS (Souris): May I ask the minister a question while he is talking of enlistments? Is everyone who offers his services, provided he is medically fit, taken into the service, even though he may be a key executive man in some industry; or is that situation taken into account?

Mr. RALSTON: Opportunity is given then for him or his employer to make representations that, although he wishes to enlist and does enlist, he is needed in connection with a key war industry. Then a board, under the Department of National War Services, on which neither the army nor the employer is represented, an independent board, hears the case and decides whether or not that man is essential to that industry. If he is, it recommends that leave be given him to go back to the industry for as long a time as may be necessary, and that leave can be renewed if occasion requires.

I am glad my hon. friend brought that out, though I have tried to make it clear on many occasions. I spoke of an increase in war production, of the additional demand on man-power in war industry. I have said publicly to employers all over the country, that I feel they have a responsibility in connection with this matter and that they themselves, if they are doing the utmost they can to further the war effort, must make plans to have men replaced from time to time, first, by men who are not physically fit, and second, by women, if necessary. The time is coming and perhaps has come when employers ought definitely to have, as part of their plans of expansion of production, regard to the importance of man-power for the army. I have said also that this is being done already in a number of plants in the country. Many employers are endeavouring, first, so to arrange that a physically fit man's place may be taken by someone not eligible for the army, making the necessary adjustment accordingly; and endeavouring, second, as far as possible to see to it that those men whom they take on are those who would not be eligible for the army. I pay this tribute to many employers, that they are already taking this question into account.

The leader of the opposition let drop a remark to which I wish to refer for a moment. He said something about the Canadian troops over in England being trained for defensive warfare. I suggest to him that he is misinformed in that regard. He is confusing two things: strategy and tactics. The strategy may be the defence of Britain, but the tactics of the defence may be attack. Canadian troops are being trained and it is expected that they may have to be used for the time being in the defence of Britain, but that does not mean that they are being trained for defensive warfare in the sense of sitting down and holding a trench. What may be called purely defensive warfare this morning may turn into offensive tactics this afternoon; counterattacks are as much offensive as a prolonged attack on the continent or somewhere else might be. If you reduce it to fractions and put it on a mathematical basis, I should say that two-thirds of the training of any soldier is training for offensive rather than defensive warfare. That is the sort of training which is being given Canadians both here and in England.

We think of defensive warfare as more or less the use of the man with the rifle and perhaps the Bren gun; we think of offensive warfare these days as being carried on by the man with the tank and with the carrier. The Canadian troops are equipped with the carrier. I do not know whether my hon. friend had the experience I had, but I saw three different reconnaissance battalions—I am not going to say how many carriers they had. The enemy probably knows, but there is no need to spread it on the record. Suffice it to say that they have very many more than the infantry unit has, and if anything could be more "offensive" than those fellows I should like to see it.

With regard to tanks we have, or we shall have when the armoured division goes over, four divisions altogether: three infantry divisions plus one armoured division, plus one armoured tank brigade, which is roughly a third of a division. In other words, we shall have one and one-third armoured divisions, which are essential for offensive warfare, and three infantry divisions. If my hon. friend will look up the records with regard to the German army he will find that Hitler has not more than one panzer division as against ten ordinary infantry divisions. I do not want my hon. friend or the country to get the idea that the Canadian troops are being trained for defensive warfare in the sense that they are sitting down in a trench and waiting for the enemy to come. They are trained for attack. They are equipped for attack. The bumper exercise was an exercise in offensive tactics. My hon. friend used the expression "training for defensive" on two occasions, once when he said that some divisions were pretty well trained in defensive tactics and others not so well trained.

With regard to equipment, the Minister of Munitions and Supply has gone fully into the matter of equipment and I thought that perhaps I would leave that unless someone

wanted to ask questions with regard to any particular items. There is one thing I should say, and that is that all the equipment that is being made is not being used by the Canadian Army. There was some misunderstanding between my colleague and the leader of the opposition with reference to 25-pounder guns. These are not being retained on this side, except to a limited extent for training purposes. They are on the other side, and at the present time we have two divisions, and we shall soon have three, equipped with these guns.

Mr. HANSON (York-Sunbury): Have any Canadian tanks reached our men yet?

Mr. RALSTON: I think there may be one or two.

Mr. HANSON (York-Sunbury): We heard that they were on the ocean.

Mr. RALSTON: There may be a small number.

Mr. STIRLING: My hon. friend says that the Minister of Munitions and Supply has dealt with the matter of equipment. Could he tell the committee whether there are any units in training in Canada to-day who are lacking essential equipment for that training?

Mr. RALSTON: I am afraid that is a question I shall have to look into, because I have not the details. I shall, however, give an answer to-morrow.

Mr. STIRLING: I shall be glad if the minister will, and I would ask him particularly to turn his attention to the armoured division which is still in Canada and is still going through the processes of training. Have they the equipment necessary for the training of such troops in this country?

Mr. RALSTON: My hon. friend knows about the armoured division. They have about ten or fifteen of the large old-type tanks and also the American tanks, as we call them.

Mr. STIRLING: Tanks are not the only form of equipment which an armoured division requires.

Mr. RALSTON: That was only one item. My hon. friend asked whether they had all the equipment. The tanks they have, old-type as they are, are extremely valuable for training.

The committee rose and obtained leave to sit again at the next sitting of the house.

BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: Hon. members have been under the impression that the house would not sit to-night, but would follow standing order 6, which provides that at six o'clock on Wednesday Mr. Speaker adjourns the house without question put, the house then standing adjourned until Thursday. On May 27, however, that order was suspended by a resolution of the house, that thereafter for the rest of the session the house would sit on Wednesday evenings. In order not to disappoint hon. members in the view they have entertained, I move that the house do now adjourn, which will give hon. members the evening free. The resolution, I think, should be allowed to stand because we may find it convenient to use it next Wednesday evening.

Motion agreed to and the house adjourned at 6 p.m.

Thursday, November 6, 1941

The house met at three o'clock.

UNEMPLOYMENT INSURANCE

AMENDMENT OF ACT TO PROVIDE FOR COOPERATION AS TO MEDICAL CARE OR COMPENSATION

Hon. H. A. BRUCE (Parkdale) moved for leave to introduce Bill No. 104, to amend the Unemployment Insurance Act, 1940.

He said: This is really a reintroduction of a bill I introduced in the early part of the summer, but which was not reached. I withdrew it, believing there was no chance of having it forwarded. I am reintroducing it at this time in the hope that at an early day it may be considered by the house.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SOLDIERS' DEPENDENTS—COST OF LIVING BONUS

Mr. CHURCH:

What action, if any, has been taken by the government regarding a high cost of living bonus for dependents of those serving in His Majesty's forces?

Mr. ILSLEY: This matter is under consideration by the government.

EXPORTS OF SCRAP STEEL

Mr. REID:

1. Is scrap steel allowed to be exported from Canada?
2. If so, what total amount has been exported from the various provinces to the United States or any other country during the twelve months ending September 30, 1941?

Mr. MacKINNON (Edmonton West):

1. Yes, under permit only.
2. Exports of scrap iron and steel.

Province	Tons
Quebec	1
Ontario	3,943
British Columbia	10,430
Total	14,374

I might add that yesterday the hon. member for New Westminster (Mr. Reid) called my attention to the fact that while he had asked for information concerning the amount of steel scrap which had been exported from British Columbia since June 1, 1941, to the end of September of the same year, the answer tabled included scrap iron and steel. In reply I advised him that I should be glad to obtain any additional information. I am informed by the Dominion Bureau of Statistics that scrap iron and steel are included in the one classification. This is to conform with the custom tariff, and I am told it is not possible to obtain a break-down of these figures.

Mr. REID: It should be brought up to date.

Mr. SPEAKER: Answered.

SHIPMENTS OF PORK PRODUCTS TO BRITAIN UNDER AGREEMENTS

Mr. SENN:

How many pounds of each of the following pork products were shipped to Great Britain during the term of the 1940-41 bacon agreement: 1. Wiltshire sides; 2. box cuts (a) hams and gammons, (b) fores, (c) rib in back, (d) middle, (e) tinned hams; 3. offal or pluck, (a) livers, (b) kidneys, (c) tongues?

Mr. GARDINER:

Bacon Contract Volume
1940-41

Following is a statement showing the volume in pounds of the pork products shipped to Great Britain during the term of the 1940-41 bacon agreement:—

	Product	Volume in Pounds
1.	Wiltshire sides	330,532,422
2. (a)	Hams and gammons	30,354,051
(b)	Fores	17,230,246
	Picnics	570,453
(c)	Backs	30,996,365
(d)	Middles	16,290,645
(e)	Tinned hams	42,120
*3. (a)	Livers	8,141,896
(b)	Kidneys	1,505,587
(c)	Tongues	1,871,572

*Now in transit 1,200,000 lb. livers, kidneys and tongues.

Mr. SENN:

What was the price agreed upon or realized under (a) the 1940-41 bacon agreement; (b) the present bacon agreement, for each of the following pork products: 1. Wiltshire sides; 2. box cuts, (a) hams and gammons, (b) fores, (c) rib in back, (d) middle, (e) tinned hams; 3. offal or pluck, (a) livers, (b) kidneys, (c) tongues?

Mr. GARDINER:

Bacon Contract Prices

Pork Products	Original Contracts 1940-41 Per 112 pounds	Revised Contracts 1940-41 Per 112 pounds	Contract 1941-42 Per 100 pounds
1. Wiltshire sides, A grade	$17 72	$18 83	$19 77
" " B grade	16 87	17 92	19 18
2. (a)			
Hams and gammons 10/18	18 55	19 71	20 70
18/22	17 70	18 80	19 75
(b)			
Fores 10/20	14 45	15 35	16 13
20/22	.....	.....	15 38
(c)			
Backs	20 65	21 94	22 75
(d)			
Middles 22/36	19 15	20 35	21 36
Middles N.A.A.F.I.	20 30	21 57	21 75
(e)			
Tinned Hams	25 20	26 36	26 62
3. (a)			
Livers	9·56c per lb.	no revision	10·25c per lb
(b)			
Kidneys	12·14 " "	" "	12·14 " "
(c)			
Tongues	11·07 " "	" "	11·07 " "

BRIGADIER-GENERAL J. A. CLARK*

Mr. REID

1. Since September, 1939, have the services of Brig.-Gen. J. A. Clark of Vancouver been considered by the government in any military capacity?
2. If so, has he been asked to consider any military appointment comparable to his military status and experience, and what military appointment was suggested or offered him?

Mr. RALSTON: I should be glad to give my hon. friend the information asked for; but on consideration my view is that to disclose information with regard to offers of military appointments would be a precedent not in the public interest.

Mr. POULIOT: It is a military secret.

Mr. REID: There has been considerable agitation in British Columbia owing to statements that this man's services have been ignored. The information is very important.

QUESTIONS PASSED AS ORDERS FOR RETURNS

HOUSING

Mr. ROSS (St. Paul's):

1. Under Wartime Housing Limited, at what locations have housing developments been constructed?
2. How many houses have been built at each location?
3. What are the descriptions of these houses, showing number of rooms, construction, material, etc.
4. What conveniences are at each location, such as water and sewers?
5. What was the estimated cost of each unit at each location?
6. What was the contract price at each location?
7. Was it a lump sum, cost plus percentage or fee?
8. What was the actual cost of each unit at each location?
9. How many of these units are occupied at the present time at each location?
10. How many units were built under the national housing administration and at what locations, showing, size, description, number of rooms, estimated cost, contract price, actual cost and other information as above?

ORDERS IN COUNCIL PASSED SINCE SEPTEMBER 1, 1939

Mr. ROSS (St. Paul's):

1. How many orders in council have been passed since September 1, 1939?
2. How many of such orders in council have been published in the *Canada Gazette*?
3. How many orders in council passed pursuant to the War Measures Act and/or the National Resources Mobilization Act have been approved since September 1, 1939?
4. How many of such orders in council have been published in the *Canada Gazette*?
5. How many orders in council have been passed since September 1, 1939, while parliament was actually in session?
6. How many orders in council passed pursuant to the War Measures Act and/or the National Resources Mobilization Act have been approved since September 1, 1939, while parliament was actually in session?

[Mr. Gardiner.]

BUSINESS OF THE HOUSE

QUESTION OF ADJOURNMENT IN VIEW OF MEETING OF GENERAL EXECUTIVE OF DOMINION CONSERVATIVE ASSOCIATION

On the orders of the day

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, is it the intention of the government to adjourn the house at eleven o'clock to-night until Monday next in order to afford our Conservative colleagues an opportunity to settle their internal affairs once and for all by the selection of our favourite candidate for the leadership of their party?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The affairs of our Conservative friends are in their own hands. Happily they are not in mine. So far as the proceedings of parliament are concerned I imagine that all hon. members, irrespective of party, will wish to have this part of the session end as speedily as may be possible and to that end hon. members will no doubt desire to sit to-morrow afternoon but not in the evening.

ALASKA HIGHWAY

INFORMATION AS TO REPORT OF COMMISSION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): The hon. member for Macleod (Mr. Hansell) inquired yesterday with respect to the report of the Alaska highway commission. I have made inquiry as to the present position of the report and I find that it is in its final stages. I am unable to say whether it will be completed in time to bring down at the present session, but if it is, it will be brought down.

LEGATIONS

ANNOUNCEMENT OF APPOINTMENTS OF MINISTERS PLENIPOTENTIARY AND HIGH COMMISSIONERS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): A few days ago my hon. friend the leader of the opposition (Mr. Hanson), said that during the course of the present session he would like me to make a statement with respect to diplomatic appointments and other appointments of a representative character that had been made since we adjourned in June last. There is one im-

portant appointment which I should like to announce this afternoon. With the permission of the house I shall avail myself of this opportunity to give the entire list so that hon. members will have it before them.

Mr. Jean Désy, formerly Canadian minister to Belgium and the Netherlands, was appointed in June, 1941, to represent Canada in Brazil Mr. Désy arrived at Rio de Janeiro on September 10 and presented his credentials on September 30. This appointment reciprocates the appointment of the minister of Brazil to Canada, Mr. J. A. Lins de Barros, who presented his credentials to the Governor General on May 15, 1941.

There has also been an appointment to the Argentine republic and to Chile. Honourable W. F. A. Turgeon, formerly Chief Justice of Saskatchewan, was appointed minister to the Argentine and Chile on September 24. He has now arrived in Buenos Aires and is expected to present his credentials shortly. The minister of the Argentine to Canada, Doctor Pablo Santos Munoz, presented his letters of credence to the Governor General on June 3 of this year.

I am pleased to be able to announce that the Chinese government has nominated and the approval of His Majesty has been signified to the appointment of Doctor Liu Shih Shun as minister from China to Canada. Doctor Liu has had a lengthy experience in the foreign service of his country and since 1931 has headed the European and American divisions of the foreign ministry in China. It is not known how soon he will reach Canada. In due course, as was announced some little time ago, the Canadian government will appoint a minister to China.

Mr. John Doherty Kearney, K.C., of Montreal was appointed on July 31 of this year High Commissioner for Canada in Ireland, in succession to the late John Hall Kelly. Mr. Kearney has been in Dublin for some time.

We have felt that it was important to have a representative of Canada in Newfoundland. As hon. members realize, Newfoundland is now occupying a most prominent place in international affairs, from the point of view of military strategy, and also as respects relations between the British government, the Canadian government and the United States government with Newfoundland and with each other as respects developments taking place there. We felt that if we could persuade Mr. Burchell, who has been our high commissioner in Australia, to accept the position of commissioner to Newfoundland, we would have, with his knowledge of conditions in the maritime provinces and in Newfoundland, an exceptionaly well-qualified representative for the post. Mr. Burchell, realizing the importance the government attached to its representation in Newfoundland, accepted the position and at the present time is serving there as High Commissioner for Canada.

Mr. Burchell's appointment to Newfoundland left a vacancy in the position of High Commissioner for Canada in Australia. With the situation what it is in the orient, and having regard to the many and highly important matters related to the Pacific which require most careful consideration at this time, we have felt that it was important that the best possible appointment should be made. The government believed that no person possessing a wide knowledge of eastern problems as related to Canada and other parts of the commonwealth, and also exceptional experience in military affairs, could be found who was as well qualified to fill this position as Major-General Victor W. Odlum, at present general officer commanding the second Canadian division overseas. I am happy to be able to announce that General Odlum has agreed to accept the appointment and that the appointment has been made. I need hardly say that General Odlum accepted this position with reluctance and only on the assurance that in the opinion of the government this new post will provide exceptional opportunities for him to serve Canada at this very critical time.

Another appointment, a minor appointment, has been made which the government has felt to be important at this time. Believing that Canadian interests would benefit from the establishment of a consular office in St. Pierre Mr. Christopher C. Eberts of the Department of External Affairs was appointed a few weeks ago, vice-consul and acting consul for Canada at St. Pierre and Miquelon.

Mr. GREEN: There has been a vacancy in the post in Japan for a considerable period. Will an appointment be made in the near future?

Mr. MACKENZIE KING: The government has been quite prepared to make the appointment and has had a nominee ready to send to Japan, but for some time past there has been no transportation to take him across.

LABOUR CONDITIONS

MARITIME PROVINCE LUMBER WORKERS EMPLOYED IN THE UNITED STATES

On the orders of the day:

Mr. J. L. O'BRIEN (Northumberland, N.B.): I should like to direct a question to the Prime Minister. According to information which has recently been brought to my attention, there

is a serious shortage of labour in the lumber industry in the eastern provinces, and essential war production is threatened by the fact that large numbers of young, able-bodied lumber workers are crossing the border to work in the woods of the United States for United States companies. The number who have gone during the past few weeks is said to have been established at a figure of at least 2,000, but may total 7,000. In view of the requirements of the lumber industry in eastern Canada and the essential need for man-power in Canada, including the forestry corps, may I ask the Prime Minister to indicate: (1) why permits have been issued to these young men to cross the border; (2) what action will be taken to stop this drain on Canadian man-power.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not in position to give a categorical answer to the questions asked by my hon. friend, but I may say to him that the government has had before it the matter to which he has referred and has been giving it careful consideration. I shall be able to give him further details at another time.

Mr. HANSON (York-Sunbury): Are visas being issued for this purpose, or have they been stopped?

Mr. MACKENZIE KING: I am unable to answer that question offhand, but I shall secure the information.

CANADIAN ARMY

HOSPITAL ACCOMMODATION—CONDITIONS AT CAMP BORDEN—QUESTION OF NATIONAL SURVEY

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Last session I asked the government to make a national survey of hospital accommodation, first, in the camps in Canada, and, second, for the men who are coming home. So far no reply has been made to this request. A disastrous fire occurred yesterday at Camp Borden and the *Globe and Mail* reports that the loss is set at $75,000. This included valuable equipment. It is stated that there was insufficient accommodation and that many patients were being housed in ramshackle huts. Cases of pneumonia and pleurisy had to flee the fire. The camp officials are reported to have said that there would have been a heavy loss of life had this fire occurred at night. What steps have been taken to remedy the hospital situation at Camp Borden, and will a survey be made of the other camps to see if they are safe? I should like to know also what additional fire protection will be afforded.

[Mr. O'Brien.]

Hon. J. L. RALSTON (Minister of National Defence): I expect to receive shortly a report with regard to the occurrence at Camp Borden to which my hon. friend has referred. I know that extensive improvements in hospital accommodation were made at Camp Borden. If a survey is necessary, I shall see that it is made. If improvements are required, of course they will be taken in hand at once. From the reports which I have had, however, it would appear that the conditions to which my hon. friend refers certainly do not obtain generally and I doubt whether he has accurate information.

PENSIONS

COST OF LIVING BONUS TO OLD AGE PENSIONERS AND RECIPIENTS OF MOTHERS' ALLOWANCES

On the orders of the day:

Mr. T. L. CHURCH (Broadview): During the last twenty-four hours I have received several letters from the Toronto district outlining the suffering of old age pensioners and those receiving mothers' allowances due to the fact that they are not receiving a cost of living bonus. Great hardships have been inflicted. Will the government give consideration to the question which I raised last session, and will a reply be given before parliament prorogues?

Mr. ILSLEY: Consideration is being given to the matter.

QUESTION AS TO GENERAL REVIEW OF PENSION SCHEMES AND STATEMENT OF POLICY

On the orders of the day:

Mr. N. J. M. LOCKHART (Lincoln): May I ask the government whether there is to be a general review of the pensions and dependents' allowance schemes in force in Canada? I refer more particularly to mothers whose sons are serving overseas, and who are finding it very difficult to exist under present allowances. Will a general statement on the various schemes of payment be given to the house before parliament prorogues or adjourns?

Hon. J. L. ILSLEY (Minister of Finance): I think that is a similar question to others that have been asked. The reply is the same, that the matter is under consideration.

PRAIRIE FARM ASSISTANCE

1941 DECLARED AN EMERGENCY YEAR

On the orders of the day:

Mr. C. R. EVANS (Maple Creek): Has the Minister of Agriculture given consideration to declaring this year an emergency year under the Prairie Farm Assistance Act?

Hon. J. G. GARDINER (Minister of Agriculture): The Prairie Farm Assistance Act provides that after the 1st of November of each year the government shall give consideration to the question whether that particular year shall be declared an emergency year. The government has given consideration to the question whether 1941 shall be declared an emergency year under the terms of the Prairie Farm Assistance Act and has agreed that the conditions are such as to warrant the year 1941 being declared an emergency year.

BUTTER AND MILK

QUESTION AS TO PEGGING OF PRICES

On the orders of the day:

Mr. J. H. LECLERC (Shefford): May I ask the Minister of Trade and Commerce if it is the intention of the government to peg the price of butter this month and the following months, and will the price of fluid milk throughout the cities be pegged at summer or winter prices?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am sorry that from this distance I was unable to hear the question asked by the hon. gentleman. I shall take note of it in *Hansard*.

THE COMMUNIST PARTY

QUESTION AS TO FURTHER ARRESTS AND INTERNMENTS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, in the absence of the Minister of Justice (Mr. Lapointe) my question will be directed to the Prime Minister, and as I have not given notice of it he may not be able to answer this afternoon. My question is based on a news item which appeared in the Ottawa Evening *Journal* of yesterday, to the effect that Harvey Murphy, a native of Kitchener, has been arrested by the Royal Canadian Mounted Police. The item goes on to state that Murphy was president of the Ontario Federation of Unemployed until 1938, and that until his arrest he was district organizer of the communist party in Hamilton, Ontario. In view of the fact that Russia is now our ally, is it the intention of the government to continue with the arrest and internment of persons in this country because of membership in the communist party?

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend has anticipated, I can hardly be expected to answer his question offhand, but I shall seek to give him a reply a little later on if the Minister of Justice does not happen to be in his seat.

WAR EXPENDITURES

FURTHER SITTINGS AND EXTENSION OF POWERS OF SPECIAL COMMITTEE

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): May I ask first, whether it is the intention of the government to continue now the sittings of the committee on war expenditures, and whether the powers of the committee will be extended to enable it to investigate contracts let by the Department of Munitions and Supply?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall have to reply to my hon. friend a little later on that latter point.

FEED GRAINS

SITUATION IN BRITISH COLUMBIA AND REQUEST FOR FREIGHT RATE ASSISTANCE

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I would like to direct two questions to the Minister of Agriculture. First, is the department aware of the great loss suffered in British Columbia in feed grains, and, second, will British Columbia be given the same treatment as eastern Canada in freight rates on feed grains?

Hon. J. G. GARDINER (Minister of Agriculture): The answer to both questions is yes.

THE WAR

INTERNATIONAL SITUATION SINCE JUNE 14, 1941 —CANADA'S WAR EFFORT

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

Hon. J. L. RALSTON (Minister of National Defence): Mr. Chairman, when the committee rose yesterday I was dealing with the matter of equipment. My hon. friend the member for Yale (Mr. Stirling) had asked with regard to training equipment for units. I have had the matter gone into, and I should like to give him this reply.

He asked whether there were any units in training in Canada which are lacking in essential equipment for that training, and he spoke particularly of the fifth armoured division. I think we ought to differentiate in the matter of training equipment between the training carried on at the training centres and the training carried on in the units themselves. With regard to items of armament and equipment of which there was initially, as my hon. friend and the committee know, a marked shortage, we have in general given priority to allotment to training centres. The reason

for that is obvious. It enables the utmost possible use to be made of the limited quantities of equipment for the benefit of the greatest number. As a result of that policy I can say that some time ago we reached the stage where all our training centres were in possession of essential training equipment of all types except for two or three items of which we are still deficient, and I shall mention them in a moment.

Mr. STIRLING: That applies to the training camps across Canada for the trainees?

Mr. RALSTON: To the training centres.

As regards the equipment necessary for the training of units, this, as I said, got a lower order of priority in the distribution. Nevertheless, again excepting a few items which I shall mention in a moment, the situation now is that all units of the active army are in possession of adequate scales of modern armament and equipment for training. We have, for example, ample supplies for training purposes of rifles, pistols, Bren guns, Vickers guns, submachine guns, 3-inch mortars, field artillery, mechanized transport, including universal carriers, and anti-gas equipment.

Our position regarding other items of equipment, such as wireless sets of which I have spoken more than once in the house, and supplies of which have been delayed, has recently shown a marked and rapid improvement.

The chief items in which there has been a notable deficiency are anti-tank and anti-aircraft weapons, 2-inch mortars and modern tanks. We are now, I am happy to say, well on the way to remedying these shortages.

My hon. friend asked me with regard to the tanks at Camp Borden, and I told him that we had there something like fifteen of the old type tanks, and also a number of what we call the American tanks and that they were being extensively used for training purposes. I did not tell him what I did not know at the moment, and what has occurred quite recently, that we have now at Camp Borden over twenty of the most modern tanks as well. These tanks were built in Canada and have already been of the greatest possible value to the armoured training centres and to the units of the armoured divisions.

Mr. STIRLING: What is the weight of those tanks?

Mr. RALSTON: I am referring to the Valentine tank. We are also now making anti-aircraft guns, anti-tank guns, and 2-inch mortars, and issues of all of these items will be made for training purposes, we expect, within a very few weeks.

The committee will realize that we have to allot our production where it is most needed at the moment. Training needs do get a very high priority, but it is not possible to apply the whole of our output by any means to training. Shipments have to be made overseas both for our own troops, to ensure them adequate reserves, and for other forces of the empire as well. We have to watch the situation constantly and send those weapons and equipment where they are most needed, and that is why sometimes we are slower than we otherwise would like to be in building up training equipment in Canada. I want to assure my hon. friends that while we are not at all complacent about this matter, it is clear that the great bulk of our deficiencies are now a thing of the past. Each day that passes will show an improvement, and I expect before long to be able to tell the house and the committee that every unit and training school has every essential item, in completely adequate quantities, for training.

As I indicated to the committee, I do not propose, unless the committee desires it, at this stage to go into the matter of the various items of equipment. My hon. friend the Minister of Munitions and Supply (Mr. Howe) has done that. I have here a statement with regard to equipment if it is desired to ask questions on any item.

With regard to training I could take a good deal of the committee's time on this subject. There has been quite a bit of discussion in the newspapers about it. But I do not propose this afternoon to deal with the various methods of training, because I feel that the best testimony to our training is the fact that the general officer commanding the Canadian corps in England has expressed his satisfaction at and appreciation of the way in which training has been carried out and the nature of the training which has been given to our troops in Canada before going overseas. Our training is, of course, progressive; men are at different stages of training as they leave for overseas; the longer they are here the more they are trained. But our training is integrated with the training overseas, so that one dovetails into the other and they go right along from the stage they reached before they left Canada to the next stage overseas.

There is complete understanding between our training officers. As I indicated to the house before the adjournment, the director of military training at national defence headquarters spent two months in England last winter going into this matter of training, ascertaining what the needs were and what methods were best adapted to ensuring the highest efficiency having regard to the tasks which Canadian troops might be called upon to perform.

To remind the committee with regard to our system of training centres may I put on record the figures? We have at the present time in Canada thirty basic training centres. Their capacity at any one time is 22,000, and the annual output is about 132,000 men. We have 35 advanced training centres, which include officers' training centres, small arms training centres, army trades schools, junior leaders' schools, administrative schools, driving and maintenance schools, and the senior officers' course at the Royal Military College. The capacity of all these advanced training institutions at one time is 27,000 other ranks and 3,000 officers; the annual output—again—is about 132,000 other ranks and 6,000 officers. You cannot simply multiply the former figures by twelve, because the length of the course is different in different places, but that is the aggregate annual output of these advanced training institutions.

We have worked out what I think is a very complete system of interchange between England and Canada of officers and non-commissioned officers who keep in touch by going back and forth between our troops in England and our troops here.

Mr. HANSON (York-Sunbury): That is for training purposes?

Mr. RALSTON: For training purposes, yes, and also in respect of matters to which I will refer in a minute. While this is perhaps an aside, as it does not refer to Canadian officers, I may say that there are in Ottawa at the present time twenty British officers who have come to this continent for official purposes. We have taken advantage of their presence here to have them go to our training centres and examine our training systems to see if they can give us any suggestions—and I am sure they can—with regard to the system of training which is in force there. We have the benefit of that.

Generally speaking with regard to training, every effort is being made to follow British experience and practice. Senior officers proceed to Britain periodically in order to keep in constant touch with the latest training methods, and these officers return to Canada and make such alterations in our training methods as seem to be required. In addition, there is a constant interchange of officers and non-commissioned officers between Canada and the Canadian corps. This policy ensures that our training methods in Canada are in line with the requirements overseas.

Every training officer charged with training at national defence headquarters has been overseas in this war, either on a liaison visit or in actual service with the Canadian corps. The two divisional commanders in Canada, all their senior staff officers, and many of their junior officers, in addition to a large proportion of the brigade commanders, have had overseas experience.

In connection with the schools we have these arrangements for interchange. Every advanced training centre in Canada has some officers and non-commissioned officers on the training staff who are back from the United Kingdom. There is a constant flow of personnel between the holding units in England and the training centres in Canada. That is, the holding units in England send back officers to our training centres here: we send officers over to the holding units there in order to gain experience and to integrate and coordinate the training. We are providing for—as a matter of fact orders have already been issued for—the sending to the United Kingdom of officers and non-commissioned officers from units now in Canada for attachment to units in England so that they may gain experience over there. In addition to that we have staff attachments. We send over staff officers from Canada to England, twenty proceeding at a time. In addition to that we are providing that all active units in Canada will have a certain overseas representation in their officer strength; that is to say, some of their officers will have been overseas.

May I give another example with regard to the schools which are operating in Kingston —and there are a number of them. At Kingston, where there are four different schools, fifty per cent of all the instructors are from overseas. This applies to the three months' senior officers' course, to the three months' company commanders' course, to the four months' junior war staff course, and the four months' junior intelligence course—which is both for officers and for non-commissioned officers. The junior war staff course was started in England. Its first term was held there, and then it was removed to Canada for reasons which hon. members will appreciate, because it was regarded as a permanent institution; and as I say, over fifty per cent of the instructors at that school have had overseas service.

We have also exchanges with the British Army, apart from the *ad hoc* arrangement which I mentioned a moment ago, under which certain British officers now in Canada are giving us the benefit of their experience. I can assure the committee that everything that can be done to bring the Canadian training of cadets into line with modern requirements, and the experience which has been gained overseas, is being done.

I will deal with one other matter. We have, as the committee knows, officers' training

centres at Brockville and Victoria, the one at Brockville serving eastern Canada and the one at Victoria serving the west. These are organized to turn out 4,600 officers for the active army each year and to train over 2,000 officers for the reserve army each year. In addition to qualifying those already granted commissions, these schools take on for training 1,200 cadets who have been recommended and who are seeking to qualify for commissioned rank in the active army. We have also made arrangements in that connection with what is called the O.C.T.U. in England, the officer cadets training unit in the United Kingdom, so that at the end of every second course they send to us, to be attached to our officers' training centres here, two officers who have had experience instructing in the cadet training unit overseas. We keep them here for two courses and then allow them to go back, having other officers come to take their place.

I spoke of the junior war staff course at the Royal Military College for officers up to the appointment of G-2—a three months' course. Forty officers can be accommodated at one time. We have a school of army administration, providing for an administrative staff course for eight officers for four weeks; a wing for unit administration course for twelve officers, of four weeks; a wing for adjutants, company sergeant-majors and orderly room sergeants' course, eight officers and sixteen other ranks, covering two weeks; a wing for quartermasters and quartermaster sergeants, eight officers and sixteen other ranks, two weeks; and an advanced clerks' course for thirty other ranks covering four weeks.

We have a bilingual junior leaders' school at Megantic. There are fifteen courses in the year, there being two hundred candidates in each course. It is what its name implies, a course for non-commissioned officers, for junior leaders who are given special training in the responsibilities of leadership.

We have an advanced driving and maintenance school at Woodstock, Ontario. The men who go there first take what we call phase 2 training, which is training given at the technical schools which are operated under the Department of Labour throughout Canada. They then go to Woodstock and take one month's intensive course as driver mechanics. We accommodate four hundred a month, and the output ultimately will be about five hundred a month.

I cannot emphasize too strongly what I said last night as a result of what I observed overseas, namely, the importance of the work that is done by the driver mechanics. There is a great deal of work behind the lines which can be saved if the driver mechanic is taught the principles of his trade and learns to look after his vehicle each night when he comes in, instead of allowing it to go until it gets so run down that it has to be laid up and sent to the workshop for major repairs. We give that special course in addition to some other courses for tradesmen, to which I shall refer.

Mr. LOCKHART: While the minister is on that point, recalling the statement made in this house about a year ago, may I ask to what extent non-commissioned officers have been privileged to get commissions? It has been said that the men must all pass through the ranks before commissions can be granted, but there have been many complaints from non-commissioned officers who say that they are still without opportunity of reaching that objective. Perhaps the minister will give a word of explanation.

Mr. RALSTON: That would entail my getting information as to the number. My hon. friend will note what I said, namely, that at Brockville and Victoria we have no less than 1,200 cadets who are being trained during the year. They have gone through the ranks—almost all would be non-commissioned officers. They are recommended as cadets and they go to the officers' training school on that basis and obtain commissions if they pass their course.

Mr. HANSON (York-Sunbury): They come principally from the non-permanent active militia.

Mr. RALSTON: That may be. I shall have the figures looked up to see what number of non-commissioned officers or cadets have been put through.

I did not mention, in connection with the promotion of close relations between England and Canada, the matter of commands. I need only remind the committee that the divisional commanders have all had overseas service. Practically all brigade commanders in Canada at the present time have had commands overseas. A great number of senior staff officers in the various formations have been brought back from overseas. In a word, we have endeavoured as far as possible to see to it that there shall be a very substantial proportion of the senior officers in our formation who have had overseas service and experience.

Let me now say a word with regard to tradesmen. We have to realize, as I said last night, that the army cannot indefinitely continue to draw from the ranks of civilian labour large numbers of technical qualified tradesmen without seriously disrupting industry, and we have a set-up which is now in

operation, a very extensive scheme, for training large numbers of tradesmen required in the army. Potential tradesmen are secured by enlistment or selection from existing units. Selection boards have been set up for the purpose and they are assisted by a directorate at headquarters, which has to do with the selection of personnel for the various types of occupation needed to be filled in the army.

Mr. HANSON (York-Sunbury): Is the minister speaking of Canada?

Mr. RALSTON: Yes.

Mr. HANSON (York-Sunbury): Will he tell us the position with respect to tradesmen in ordnance in England? I understood that there was a substantial deficiency which really ought to be filled. Perhaps he knows about that.

Mr. RALSTON: I do know about it, and that is one of the reasons why we have doubled and almost trebled our capacity for the training of tradesmen in Canada. The facilities in England at the particular school I saw afforded training to fit men for trades of different kinds. Some of them were in training as driver mechanics. In Canada—and that is where the supply must come from—there has been, as probably my hon. friend has heard, a certain amount of combing out of units to find men adapted for that work. We have recognized that need and it has been thrown at us by the fact that the transport equipment is getting older. Some of it has been used a year and a half, and the maintenance question is an important one. There are 18,000 motor vehicles alone, apart from armoured fighting vehicles, and therefore we have had to enlarge substantially our provision for the training of tradesmen.

All these men who go to these schools about which I am going to speak are first given what we call phase 1 training, that is the basic training of a soldier for two months. Then they go on phase 2, which are these schools I have spoken of, conducted under the Department of Labour, which were the technical and vocational schools operated by the provinces all over the country. About four thousand men are being trained in those schools at the present time. The trades being taught in the vocational schools are blacksmiths, bricklayers, masons, concretors, carpenters and joiners, clerks, coppersmiths and tinsmiths, architectural, engineering, mechanical and topographical draughtsmen, electricians, engine artificers, fitters, instrument mechanics, motor mechanics, operator signals, plumbers and pipe fitters, welders, wireless mechanics, driver mechanics, turners, diesel mechanics, cooks and painters.

At these phase 2 schools, that is the vocational schools, facilities are being extended in order to handle about 6,000 men at any one time, or an annual capacity of 25,000.

As the committee knows, Canadian industry is cooperating in the instruction of additional men in a large proportion of those trades. At the present time about 4,000 men are being given instruction in various industrial plants, and the annual output from that source is now about 1,200.

When this phase 2 instruction is completed, the majority of the men proceed direct to their units or to training centres being classed as training reinforcements. The rest proceed to the army trade school at Hamilton or to the mechanics' training centre at London for further training. At the army trade school at Hamilton, which is a busy place—I know a number of hon. members have visited it—additional instruction is given in the following trades: artificers, blacksmiths, carpenters, electricians, engine artificers, fitters, instrument mechanics, motor mechanics, wireless mechanics, welders.

There is accommodation for 2,000 men at this school and the annual output will be about 500 a month. Those are more general trades. At the other school, the mechanical training centre at London, which was opened comparatively recently, I think about four months ago, instruction is given particularly in motor mechanics, diesel mechanics and aero engine mechanics. There is accommodation there for about 750 men, with an annual output of about 2,400.

They graduate from these schools and then go to the advanced training centres of their different arms—that is to say, the ordnance men go to the ordnance training centre, the A.S.C. men to the A.S.C. training centre—and there they are given further training in the military application of their trades. So far they have been learning their trade; then they are shown how to apply it to the military vehicles and equipment of which they will have charge. Men of the ordnance corps, for instance, go to the ordnance training centre at Barriefield, where the present accommodation for 2,000 will soon be increased to 3,000. This releases men for overseas as and when required. In addition to giving the finishing touches to the training the ordnance training or other schools give complete training in certain specialized ordnance trades which I have not listed. The annual output will be from 1,500 to 2,000.

Then there are training centres not only for ordnance but also for other technical corps such as engineers, signals, army service and medicals. They carry on specialists' trades-

men training in addition to completing the training of the men passed through the other schools.

To sum up, it means we have or are creating facilities for training of tradesmen in Canada which will give an annual output of about 40,000 tradesmen. These 40,000 are not all motor tradesmen but men to fit into the different trades required in the various army units. May I say that for an armoured division the percentage of tradesmen required is about 32 per cent, and for an infantry division, a percentage of about 17 per cent.

Mr. LOCKHART: What is being done about training more efficient types of cooks throughout the army and the camps in general?

Mr. RALSTON: One thing that is being done which I know about particularly is at the school at Borden, which I believe has done extremely good work. I am not fond of comparing the new with the old, but I am absolutely satisfied that the cooking and dietetics in this war are greatly ahead of those in the last war.

Mr. LOCKHART: What else, apart from Borden?

Mr. RALSTON: We have a chief inspector of catering and messing, Colonel Webb. Colonel Webb keeps in constant touch with the messing in all the districts. The units also have messing officers who get special instruction, and their duties are to supervise the preparation, cooking, and serving of the meals. They should see that the daily diet sheet is lived up to and that the food is properly cooked. Each district has a messing inspector specially qualified. I cannot state at the moment where there are other cooking schools. I am sure there are some in the west. Has my hon. friend some complaint in regard to cooks?

Mr. LOCKHART: Yes, there seems to be a general feeling that good food is being spoiled in so many camps by men who have not had any training or only very limited training as cooks, perhaps before they entered the army, and who in some instances neglect to remove much of that infernal grease before serving and maybe doing injury to the health of many of our men in service.

Mr. RALSTON: I am very sorry and disappointed to hear that, because that is not the report that comes to me. Probably the good reports come to me, but I must say that the inspectors generally as I know them are pretty rigid in regard to the matter of rations and cooking. I see or am referred to most of their reports, and I do not get reports such as my hon. friend suggests, indicating the existence of any general condition of the kind. I did have a bad report from one training centre. I had it investigated from the top down, or the bottom up, and the reports that came to me, from an officer who was absolutely independent, showed that the condition complained of was an exception; with the exception of the one meal in question the situation was not general at all. But I should be obliged if my hon. friend would give me particulars of any instances of the kind, because no doubt there are cases where men do not complain to the orderly officer, they may think they will get in wrong by doing it, and where some action from headquarters may help.

Mr. BROOKS: So far as the training of cooks is concerned, men selected in the different districts as prospective cooks are being sent to selected cookhouses at training centres and other units to receive instruction in cooking, besides going to Borden for their special training there. That is being done in our district as well as in others.

Mr. RALSTON: I thank my hon. friend for calling that to my attention, because he has had personal experience in connection with this whole matter.

The committee may be interested to hear a word with regard to the National Resources Mobilization Act personnel. Since the four months' training plan announced last March came into effect, there have been accepted for training 25,903. Of this number over 10,000 are still in training, 4,296 have completed their training and are actively employed in the army, and about 4,000 have been discharged on medical grounds or released to war industry. The balance, according to the figure I have here, is 8,296. I am not sure that that jibes exactly with the total I gave at first, but I think it is about right. The balance of 8,296, as of October 25, have enlisted for active service in the army, navy or air force. Of these about 5,000 enlisted in the army. That is to say the figures show that out of 25,903 trained since March 20 there were 8,296 who have enlisted.

Mr. HANSON (York-Sunbury): That is about one-third.

Mr. RALSTON: Yes, I generally estimate it at about 25 per cent. The figures are larger than I thought they were.

The committee will realize of course that this has been a very disjointed presentation, but I am trying to deal with subjects in which the committee may be interested, and concerning which perhaps not a great deal has been said.

I was glad to announce the authorization of the Canadian Women's Army Corps. That corps has been organized. At the present time it has a strength of 21 officers and 425 other ranks. It is expected that by April 1 it will grow to upwards of 2,000 all ranks. As the committee knows, this is one of the ways of endeavouring to save man-power, and I am confident that once it has got under way it will grow very substantially.

Mr. HANSON (York-Sunbury): What is the intention in that regard? What are they to do?

Mr. RALSTON: There are four major occupations. First we have dietetics, including cooks and waitresses; then, clerks, then auxiliary services and canteen workers and then motor transport workers. These are four of the outstanding lines of occupation. The committee will understand that where we have to have female assistance in outlying camps or outlying areas, special accommodation has to be provided. That is being done now. I think yesterday's press contained a report of some examples of cases where men have been replaced by members of the Canadian Women's Army Corps.

Mr. STIRLING: Is that for service in Canada?

Mr. RALSTON: Yes, for service in Canada. Nothing has been done as yet with regard to services outside of Canada. We want to get it well organized first. It is a situation we cannot rush at. But the response has been good, and the appointments which have been made have, in my opinion, been excellent. I believe it will be proved that we have been wise in going slowly in the matter. We have not yet appointed a commandant of the Canadian Women's Army Corps, although I expect an announcement will be made shortly. We asked Matron-in-Chief Smellie to act as adviser with regard to organization. Her experience and her judgment and advice have been invaluable. Matron-in-Chief Smellie has travelled throughout the length and breadth of Canada, and has met women in different organizations interested. She has explained the needs of the army for the service they can perform. As I say, the response has been excellent. As the committee is aware, personnel are obtained through the Department of National War Services. The Department of National Defence makes requisition on the Department of National War Services, and that department sends us personnel, subject to approval by the department itself.

Mr. STIRLING: How are the commissions granted?

Mr. RALSTON: Most of the officers appointed so far had had service with other women's corps of this type. They have not been granted from the ranks. It is expected that shortly we shall be able to institute the system we have in the army—that is to say, coming through the ranks for a certain period, and then being commissioned.

Mr. SENN: How are the ladies to be employed called up? Is it according to date of application? A number in my district are anxiously waiting to be called.

Mr. RALSTON: This is within the jurisdiction of the Department of National War Services. I shall make inquiries to see whether anything can be done by the Department of National Defence with respect to those who are particularly eligible.

May I just say a word respecting the reserve army. Two or three months ago we issued instructions with regard to the reserve army, which, while somewhat changing its status, gave it a definite role in our whole scheme of military organization. We have pointed out that the reserve army constitutes an important factor in the defence of Canada and in maintaining our active army overseas. In order to meet the situations as they arise in an ever-changing war it is essential that we have the reserve army well organized, well trained and, as far as possible consistent with other requirements, well armed. Present plans do not contemplate any extensive additional mobilization of reserve units, but that possibility is to be kept in mind.

We have outlined the duties of the reserve army to be these: an operational role in the defence of Canada, when and where required; aid to the civil power in cases of subversive or other disturbances; reinforcement of the active army—that is to say, by enlisting men, and having them ready to support their active unit, if it is overseas, or some other active unit in the same territory, if it happens that that particular unit has not an active unit overseas. Then there is the possibility, in some instances at least, of mobilization.

We have indicated to them that those functions are not cited in order of importance. They are all important, and we cannot tell which one at a particular time may have to be complied with. It does make the position of the reserve units difficult; at the same time that is the situation which exists in Canada, and we cannot do otherwise than ask them to have their eyes on those four roles as the major jobs for which they were organized. We have asked that they be administered so that they may be in a position to carry out

whichever function they may be called upon to perform, in view of conditions at a particular time.

Then, there was another new rule. We felt we should increase the age limit and decrease the medical category. In other words we have raised the age limit for the reserve to fifty years and decreased the medical category to category C. But we have indicated that in view of the fact that they will be taking in men who will be reinforcements, and also that in some cases there might be possibility of mobilization, they may take up to a certain percentage of A or higher category men.

What they are doing is paying special attention to training, both basic and advanced and specialized. There will also be increased issue and distribution of equipment with regard to the reserve army, taking into account, of course, the needs of the active units. It is no lip-service I am paying when I point out what a valuable contribution the reserve army of Canada and its officers have made to this war effort through at first being the backbone of the active army, being in their places and endeavouring in every possible way to train men to make them ready to enlist in active units, and doing their best to induce them to understand what their duty is when the call comes.

The officers and non-commissioned officers have been indefatigable, and the men have been most faithful in training, in the attention they have given to their work, and in their desire to be of service. To some extent the reserve army consists of men who because of financial or domestic or personal reasons are unable to take their places in the active army. In the reserve they are trying to do their part as best they can, so that we may release all the men possible for active duty.

Mr. STIRLING: The pay the officers and men receive is still on the same basis as it used to be, is it not? It is based on the time of service in Canada?

Mr. RALSTON: It is on the basis of training. The basis this year is up to fifty per cent of strength, that is to say, they may receive training pay for personnel up to fifty per cent of their total war strength. That is now being reconsidered.

Mr. GREEN: Are the reserve units permitted to recruit up to strength? I understand that some units on the Pacific coast are far below strength and are greatly discouraged. There seems to be something wrong with the way the reserve army is being handled.

Mr. RALSTON: There are some officers at headquarters who have an especially warm spot in their hearts for the reserve army and they give it constant attention. They realize the difficulties and are endeavouring to improve their position in every way and to give the reserve the recognition which will ensure that it is used to the best advantage. Representations have been received from the west coast with regard to a unit which was recruited practically up to strength and which desired to be paid for that number. The present rule is that they may recruit up to strength, but they are paid for training only up to fifty per cent.

Mr. GREEN: Would not the esprit de corps be improved if they were paid for the full strength?

Mr. RALSTON: Yes, it would, and the matter is being considered. Just before I left for England I had a talk with the army council, and I am not satisfied with the situation in this regard. The rule was made because of a lack of training equipment and because of the tremendous appeal which was being made for recruits for the active army. There were not a great number of units in which the strength was more than fifty per cent, and that figure was taken as a fair average for payment. In many units the men pool their pay; they train without pay except that it goes to the benefit of the regiment as a whole. In other words, pay has not been the absolute test of whether or not a man would serve in the reserve unit. Many have agreed that their pay should go into regimental funds.

Mr. GREEN: Is there any method whereby an officer or a non-commissioned officer in a reserve unit can transfer to the active army and retain something like the rank he held in the reserve army?

Mr. RALSTON: If an officer in the active unit asks for a man who is qualified as an officer and recommends him accordingly, I do not think there would be any difficulty about the transfer. A man may transfer to an active unit simply by enlisting.

Mr. GREEN: If a sergeant-major in a reserve unit enlisted in the active army would he have to give up his rank?

Mr. RALSTON: If he was commission material he would be recommended by the officer commanding for an officer's training course where he could qualify for a commission.

Mr. GREEN: A sergeant would have to revert to the rank of private?

Mr. RALSTON: Unless the commanding officer asked for a man with that rank.

Mr. GREEN: A major would have to revert to the rank of lieutenant?

Mr. RALSTON: Neither of those ranks would be carried to the new unit as of right. If a man has the qualifications and is needed, he can be transferred.

Mr. GREEN: I know of cases where a man has been asked for by the officer commanding an active unit and it has been impossible to have him transferred.

Mr. RALSTON: If my hon. friend will give me the particulars of any case where a man has been qualified to cover off a particular vacancy, I shall look into it.

Mr. GREEN: He was qualified.

Mr. RALSTON: Was there a place in the other unit into which a man of his rank would fit?

Mr. MUTCH: Wouldn't that matter lie in the discretion of the commanding officer of the reserve unit? He would have to have the consent of both commanding officers.

Mr. GREEN: The officers in both units were willing, but the district would not allow it.

Mr. RALSTON: I am assuming that the man was requested by the unit to which he was going, and consent was given by the unit from which he was going.

Mr. BRUCE: In view of what the minister has said with regard to raising the age limit to fifty years and lowering the medical category, is it not likely that the number who will enlist in the reserve army for service overseas will be greatly diminished? Is there any provision under which a certain proportion of those admitted into the reserve army will be expected to state their willingness to go overseas?

Mr. RALSTON: There is no such provision. Those are the subjects upon which I think the committee would like information. No doubt there are other subjects in the minds of hon. members about which they would like me to speak and when the opportunity comes I shall be glad to answer any questions.

Mr. HANSON (York-Sunbury): Will the minister give us a statement at some stage of the proceedings with regard to the position of our troops in England, and who has the last say in their disposition overseas? I understood that there was some difficulty in the early stages of the war. I consulted the Minister of National Defence for Air at one time and he endeavoured to make this clear to me, but I could not understand the situation. I think the fault was probably mine rather than his.

Mr. POWER: The legislation is not very clear.

Mr. HANSON (York-Sunbury): I understand that there has been some clarification and that the position is now quite satisfactory. I should like to know just what the steps have been and what the position is now. I heard that enlistments will not be received by the department for active service in Canada.

Mr. RALSTON: I really hesitate to make a statement with respect to the visiting forces act. The hon. member for Yale (Mr. Stirling) asked me to make a statement, which I did. I will be quite frank and say that that statement was made after I had seen the Department of External Affairs and had obtained their statement with respect to the matter. There are two expressions used, "serving together" and "serving in combination with".

Mr. HANSON (York-Sunbury): Is there any difference?

Mr. RALSTON: There is quite a difference. If my hon. friend will permit me, I would rather look up the statement I made before.

Mr. HANSON (York-Sunbury): I realize it is a technical matter.

Mr. RALSTON: The statute is technical and the order in council passed under it is technical. I think I can say that the last word with regard to Canadian forces going to serve outside the United Kingdom lies with the government of Canada. If they go out of England for service the government of Canada would be asked to give its consent.

Mr. HANSON (York-Sunbury): They have the last word?

Mr. RALSTON: Yes.

Mr. HANSON (York-Sunbury): Does the government of Canada undertake to act upon the recommendation of the commander of the Canadian corps, or does it exercise independent judgment and make an independent decision?

Mr. RALSTON: The government of Canada would give the greatest weight to the recommendation of the general officer commanding the Canadian corps. The government of Canada would have to take responsibility eventually. I was writing a note in order to get the reference in *Hansard* to what I said before. If my hon. friend will leave it, I shall make a statement later.

Mr. HANSON (York-Sunbury): I realize the difficulty. Will the second question I asked be looked into?

Mr. RALSTON: No, they cannot volunteer for active service confined to Canada.

Mr. HANSON (York-Sunbury): You cannot volunteer for active service in Canada—that is a fact. Will the minister express any reason for that policy? If he does not want to do so, I shall not press him.

Mr. RALSTON: I shall deal with that later, if my hon. friend will permit me.

What I have said, Mr. Chairman, was bound to be disjointed, but I have tried to give as quick a résumé of the activities of the department as I could in the short time at my disposal for preparation.

Before I sit down I want to join with what the leader of the opposition (Mr. Hanson) has said with regard to what we learned overseas, and to pay tribute to the morale, courage and determination of the British people. I found them, as he found them, still superb, and better prepared than they were last December when I was over there. I found them still ready to go short themselves if they thought that any other theatre of war provided an opportunity for effective use of equipment against the enemy. It is both a challenge and an inspiration to go to England and to meet those men and women and those boys and girls who have stood so much in the last year, who know it is coming again, and who are absolutely unflinching.

With regard to the course of the war I think we must remember that Greece and Crete gained time for us. Hitler's attack on Russia was thus delayed, and Russia's resistance to Hitler's attack has again delayed the invasion of Britain. We now know that we have reason for thankfulness that the invasion of Britain did not come in June or July of 1940, at a time when, as Lord Gort's dispatches indicate, the situation was serious enough.

I want to impress on the committee what has already been said but cannot be said too often. My own feeling is that the war has only just really begun, that so far all that we have done is to avoid defeat, that we still have to begin to win.

Casting up the balance sheet as of to-day as compared with a year ago, we have on the debit side Yugoslavia, Greece and Crete overrun, Russia attacked and very serious inroads made upon her. The one-by-one policy has seemed to prevail, and the juggernaut has run on. On the other side, we have that outstanding fact which I have just mentioned, namely, that the British have come through. They have proved that they can stand the blitzkrieg. There is no chance in the world of bombing ever bringing those brave people to their knees. We have Iran,

[Mr. Green.]

Iraq and Syria, all on the credit side of the sheet. We have United States sentiment, and not only sentiment but powerful influences and support as well, more strongly consolidated and being exerted in a more effective way than a year ago. We have growing resistance in occupied countries, which is making itself felt day by day, and we have the heroic resistance which Russia is making, to the amazement and gratification and admiration of the world. All that is on the credit side of the sheet. Hitler's dream of securing not merely military but economic domination over Russia is yet unfulfilled. He expected a rapid victory. He has not had it, and it surely must have upset his plans.

But I do want to emphasize the fact that resistance is not enough and will not bring victory; that so long as the forces of destruction continue to rage there can be no security and no peace in any corner of the world. The way to shorten the war is to have the free world with its whole resources and its total energy concentrated on the supreme task of being able to deal with Hitler in the only language he knows, and that is the language of force. Canada has its place in that great undertaking.

I am no defeatist. I believe we shall win, not simply because we say so, but because Canada along with the other democracies will stop at nothing which can effectively be done to ensure that the forces of evil shall be stamped out, that the menace of slavery shall be banished, and that free men and their families may enjoy the liberty which until this struggle began we in this dominion had somehow taken for granted. We cannot take it for granted any longer. The menace is against Canada as well as against the rest of the world.

Mr. ROSS (Souris): In giving enlistment figures last night the minister said that about 105,000 had volunteered for service. They would not all be medically fit, I presume.

Mr. RALSTON: They are the enlistments.

Mr. ROSS (Souris): What are the figures of those medically fit?

Mr. RALSTON: Those are the enlistments, the number accepted.

Mr. ROSS (Souris): Attested as medically fit?

Mr. RALSTON: Yes.

Mr. ROSS (Souris): We had a case in Winnipeg of a man wanting a medical rejection. The recruiting officer told him that that could not be granted until he had actually enlisted and been medically examined. That is why I was a little confused by the minister's figures.

Mr. RALSTON: By enlistments I mean accepted.

Hon. C. G. POWER (Minister of National Defence for Air): Mr. Chairman, the personnel of the Royal Canadian Air Force in Canada and overseas on the 1st of November, 1941, was 89,000 odd, which brings us to approximately 90,000 to-day, the 6th of November. This is in addition to personnel attached to the Royal Canadian Air Force belonging to the Royal Air Force, the Royal Australian Air Force and the Royal New Zealand Air Force. It is also in exclusion of something like 11,000 civilians, about half of whom are taking the place of service men who have been released for more active duty. So that, all told, there are to-day under the control of the Department of National Defence for Air well over 100,000 persons.

It may be of interest to the committee if I discuss for a moment the question of man-power in Canada as it affects the Royal Canadian Air Force. The age limit for the entry of pilots—I am speaking largely of air crews, that is those who will eventually become pilots, observers, wireless air gunners and gunners, in whom we are particularly interested—the age limit for pilots is from 18 to 31; it is 18 to 30 really—those who have not reached 31. For observers the age limits are 18 to 32—those who have not reached 33—and for wireless air gunners and gunners the age limits are the same.

The class of the population in which we are particularly interested is the class from 18 to 25 years of age, and so I have asked the officers of the department to give me some statistics regarding that class in order that I may indicate to the house and the country the approximate reserves of man-power which will be necessary to enable us to carry on our operations.

Assuming that there are in Canada to-day 177,150 males between the ages of 18 and 25 who have completed junior matriculation—the educational qualification is a most important factor in our work—and assuming that 33 per cent are physically unfit for aircraft duty, because we require a very high standard, and that 17 per cent have no inclination to fly, this would leave 50 per cent available, or 88,575.

It is impossible to estimate the number of these who have already enlisted in the Royal Canadian Air Force and in the other services, but assuming this figure to be 50 per cent, which I think is a little low, it will leave a pool of 38,575 available for enlistment as pilots or observers.

The educational qualifications for wireless air gunners and gunners are somewhat lower than junior matriculation. Two years of high school will do. For the moment I am speaking only of wireless air gunners or gunners.

It is estimated that 26,000 men with complete junior matriculation reach the age of 18 each year. Deducting fifty per cent of this figure to cover those who will be medically unfit or have no inclination to fly, will leave 13,000 qualified for enlistment as pilots and observers becoming of age each year. There will therefore be a deficiency, because we will require many more than 13,000, if we take only those coming up each year. Part of this deficiency will be made up by bringing up to the required educational standards, through the medium of the dominion-provincial youth training schools and the Canadian Legion, applicants who in other respects are qualified for enlistment in this category. We also have our backlog of the 38,000, and besides, if the necessity arises, the age group between twenty-five and thirty-two, to which I have not referred, but which is in existence to some extent, although it must have been seriously depleted by enlistments already, both in the air force and in other arms of the service.

Fortunately it has been possible, and without any very great propaganda on our part, to enlist a certain number of American applicants. So that for the moment at least, though I give no guarantee of the future, and for some months to come, we have a considerable reserve from which we can draw for our aircrew requirements. During the month of July, for instance, we enlisted something near 4,000 aircrew, and at the end of the month there were about that many whose applications were in a more or less complete state and of whom we could probably get 3,000 to come into aircrew training should we require them.

I give this next figure with some reluctance, and with a warning to the committee that it may not mean all that it appears to mean. It is called "approaches", "approaches" meaning that a man has visited a recruiting centre. The total number of approaches to the Royal Canadian Air Force recruiting centres since the war started is 317,304. I do not want that to be taken to indicate that there are really 317,000. I am under the impression that, particularly in the early stages of the war, a man may have gone two or three times and have been checked two or three times. But this is continuing. Last week, for instance, the figures were something like 1,790, indicating that there is a continuing interest in recruiting in the Royal Canadian Air Force, which has not slackened in any appreciable degree since the beginning of the war.

Total medical examinations at recruiting centres since the beginning of the war were

153,277. I am sorry to say that I have not the figures indicating how many of these were rejected. The total trade tests were 97,145, of which 41,896 have been enlisted. Sometimes the trade tests are only interviews with the trade tests officers, but they are all counted in here as trade tests.

I give these figures to show that, in any survey of actual or potential man-power in Canada, having regard to the requirements of the armed forces, the needs of the Royal Canadian Air Force must be taken into consideration. Particularly there is that field of the age group between 18 and 25, wherein, without any particular efforts on our part, without any propaganda, there will undoubtedly be priority for the Royal Canadian Air Force. Whether we like it or not, whether we take any other steps, selective or otherwise, the young men of Canada between 18 and 25 want to join the Royal Canadian Air Force; and it does not matter what we do about it, they are going to join it anyway.

Mr. HANSON (York-Sunbury): Or the navy.

Mr. POWER: Or the navy. We have been asked by the leader of the opposition what is our objective. In so far as the air force is concerned the sky is the limit. We will take as aircrew all the young men of Canada who are willing and able to serve, and we make no limit anywhere. I do not even follow the example of my hon. friend the Minister of National Defence for the Army. If anyone wants to enlist in our air force, whether his employer likes it or not, whether his employer calls him a key man or not, if he wants to come in the air force he comes in, and that is all there is to it.

With respect to the higher strategic aspects of the war which were discussed by the leader of the opposition and the Minister of National Defence, namely as to with what particular branch of the service the war is eventually to be won, I am not prepared to discuss that, because I do not know. But I will say this: you may need the army to win the war, but you will lose the war without the air force. That has been patent to everybody since the war started, and that condition is going to obtain to the end of the war. The experience of this war has shown that, even with her mighty mechanized forces, Germany made no advances whatsoever until she obtained air superiority. If one were to assimilate this factor to what has occurred in ages gone by, probably you would recast the somewhat blasphemous expression attributed to Napoleon, that God is on the side of the heaviest battalions, and say that this war has shown that Providence is on the side of those who have air supremacy. Up to this time there has been no doubt of that.

As is usual in discussing matters relating to this department, for the sake of clarity I have endeavoured to divide the activities of the department into home war, joint air training plan, and the overseas forces.

Beginning with home war, activities during the summer recess have been confined largely to the construction of new defensive aerodromes and to the consolidation of those already started: on the east coast, Yarmouth, Shelburne, Dartmouth, Sydney; and in Newfoundland, Botwood, Gander, and Torbay—the latter recently opened officially by the unofficial landing of my hon. friend the Minister of National Defence on his arrival from the other side only last week, in the first aeroplane to land at that particular aerodrome. Going north, we have established aerodromes and staging facilities at Goose Bay—that is Northwest River, Labrador, and elsewhere. These are for defence, for ferrying, and for spare aerodromes in case fog or weather conditions make any of the other places unavailable.

On the west coast we have carried out the same programme of developing stations all along the coast—Alliford Bay, Ucluelet, Tofino, Coal Harbour, Bella Bella, Prince Rupert, and, on this side of the mountains, of developing the great circle route Edmonton-White Horse-Alaska. The squadrons on both coasts have been materially increased in numbers, and above all we now have a certain number of aircraft for them—Digbys, Hudsons, Bolingbrokes, and Stranraers made in Canada, and, recently, Kitty Hawks and Catalinas. In that respect, let me repeat what was said in the house, I believe in June, 1940, or earlier. So far as we are concerned, the first line of defence of this country is on the other side, and if we have here aircraft that are required over there they will get them. Recently we were about to take delivery of a certain number of Aerocobras, the fastest fighting aircraft in the world, but they were more useful on the other side and they were sent there. Only two or three weeks ago delivery had begun of a certain number of Catalina PBY flying boats, the latest and best development in this type of aircraft. They were found to be more useful on the other side and they are there now.

With respect to the personnel of these squadrons on both coasts, they have a risky, dirty, tiresome and boring task. They may not have all the risk, but certainly they have a large proportion of the risk encountered by those on active service. They serve in lonely places and in dirty weather and patrol work is hazardous in the extreme. Little glamour

is attached to it, and yet they carry on day after day without complaint. I therefore wish once more to pay tribute to them and to assure them that, as circumstances permit, it will be my intention to give them an opportunity to do the kind of work overseas which all of them desire to engage in.

In connection with the home effort, we have instituted a school known as the CWAAF—the Canadian Women's Auxiliary Air Force. In that connection we have taken a different attitude from my hon. friend, in that, with the exception of three or four commissions, no commissions have been given directly. One commission was given the commanding officer, Mrs. Walker, and two others were female medical doctors who have come into the service with commissions. The remainder are being trained at the school in Toronto, where we have taken over the Havergal ladies' college. We began by selecting for training, to be turned out in accordance with the marks obtained, either as non-commissioned officers or officers, 150 women from across Canada. When these have been selected they will form the nucleus of the officers and non-commissioned officers of the corps, and we expect to open training schools for others, who will come in very much greater numbers as time goes on.

Mr. HANSON (York-Sunbury): How do they propose to make these selections?

Mr. POWER: The 150 have been selected. The board was composed of the commanding officer, a medical officer, Doctor Davey of Hamilton, one officer who was lent to us by the United Kingdom from the W.A.A.F., and one male officer of the Royal Canadian Air Force. The board received applications in the different sections of the country and from among those applications selected those who were to go to this school for training.

Mr. STIRLING: What will be their principal duties

Mr. POWER: Largely clerical and dietetic, perhaps more in connection with motor transport and more active work at the aerodromes. For instance, at the flying training schools such as Uplands, we shall require 126 to take the place of men. They will serve as cooks and so on, and do the work of service men who are employed operating telephones, and they will engage in parachute packing and work of that kind. In the Royal Air Force an infinite variety of work is being done by these women, and we expect that as time goes on, more gradually than would have been the case on the other side, it will be possible to introduce women into a great deal of the work now done by general-duties men or by men in orderly rooms on the station.

Mr. STIRLING: Is there a flood of applications?

Mr. POWER: We do not get the applications. I was surprised to hear the Minister of National War Services say that he had only 16,000 applications altogether from women. I surmise the reason is that women who are in existing unofficial organizations probably prefer to remain in those organizations in the hope that they will be taken over as a whole. I am only surmising that; I do not know. If so, that may account for it. I had anticipated such a flood of applications as would render it difficult to deal with the matter.

In addition to the organization of the women's auxiliary corps, the air cadet league of Canada has been instituted. It was inaugurated in June and began its work some time ago. I have here a list of the directorate. The president is Mr. George B. Foster, K.C., of Montreal, and there is a list of excellent men chosen from all over Canada. I will put the list on *Hansard*.

Hon. F. P. Brais, K.C.
H. R. Carson
A. W. Carter, M.B.E., D.S.C.
Pierre deVarennes, K.C.
H. E. Drope
Gilbert M. Eaton
John D. Eaton
Sir Ellsworth Flavelle
G. B. Foster, K.C., D.F.C.
Chas. A. Gray
Geo. R. Hodgson
Major R. H. B. Ker
D. R. MacLaren, D.S.O., M.C., D.F.C.
Arthur L. Melling
W. W. Rogers
Hon. Ivan Schultz, K.C.
Earle Spafford
Terrence M. Sheard

The honorary secretary is Mr. Arthur L. Melling, and Squadron Leader R. W. Frost, R.C.A.F., is acting national director.

At the present time there are in existence in Canada something like 14,000 air cadets in units divided somewhat as follows—I will give the number of air cadets: British Columbia, 2,500, nineteen units; Alberta, 1,200, eleven units; Saskatchewan, 2,400, eighteen units; Manitoba, 700, three units; Ontario, 1,000, eight units; Quebec, 5,000, thirteen units; Nova Scotia, 200, three units; Prince Edward Island, 100, two units.

This is the potential which they have at the moment, because most of these units are in process of organization and have not yet applied for affiliation to the league. Actually enlisting under their auspices or belonging to the league are 3,400 cadets in thirty-three units. These 3,400 are actually affiliated to the league but the others are outside the league,

though it is expected that they will come in. The league is rapidly organizing cadet units across Canada.

Mr. SENN: Is there an age limit?

Mr. POWER: The age limit is eighteen—well, they must not have reached eighteen because by that time we take them for the R.C.A.F. They can start at twelve, but those from twelve to fourteen are not encouraged.

Mr. HANSON (York-Sunbury): Fourteen to eighteen?

Mr. POWER: They have the right to go down to twelve, but we are not encouraging that; the ages that are encouraged are from thirteen to seventeen. I am glad to say that in many instances former Royal Canadian Air Force or fleet air arm officers have turned out gladly to help these boys by giving them their drill and training. The air cadet training programme is a basic training programme and is similar to the elementary ground training received in our own schools. In addition to that we have inaugurated a system of university training for future air crew recruits. It is not a C.O.T.C. in that we do not give or promise them commissions, but it is a university air training course. A number of Canadian universities have made arrangements with us to provide what is called pre-flight training on the Royal Canadian Air Force syllabus as an alternative to army training. Only university students who can meet the medical requirements for air crew training and who sign a statement of honourable intention to join the Royal Canadian Air Force at the completion of their university course are being accepted. Medical examination and uniforms will be provided by the Royal Canadian Air Force, which will also make available the necessary training equipment and instructional assistance.

Students who have completed compulsory military training may complete the air force course this year, and other students who have not yet undergone compulsory military training may spread the air force course over two academic years. Students completing this course will be recognized as having fulfilled the requirements under the National Resources Mobilization Act.

The course will be equivalent to the course of training at initial training schools of the Royal Canadian Air Force in connection with the British commonwealth air training plan. Such schools provide preliminary ground training for future pilots and air observers. The university course will provide 200 hours of similar instruction in mathematics, armaments, air force law, airmanship, theory of flight, et cetera and will be followed by two weeks of summer camp at one of the service flying training schools, where this ground instruction in air force life will be continued under service conditions.

Mr. STIRLING: They will still have to attain the educational standard?

Mr. POWER: By the very fact of being students at the university they have matriculation.

Besides this, in an endeavour to salvage those who have failed on their first attempt, we have opened a "cease training" school at Trenton, Ontario, for pilots particularly who fail through no fault of their own, perhaps on account of physical defects or because they just naturally cannot fly a machine. We have formed a reorientation school, or rehabilitation school if you like, at Trenton, wherein these young men are assisted in finding some other trade. It may be a man would not make a good pilot but has the educational qualifications to be an observer, or it may be a regional control officer, or if he has a good educational background he may make a ground navigator instructor, if he has a good knowledge of mathematics. I am glad to say, and I know it will be of great interest to the committee to know that that school has been placed under the care and command of one of our colleagues, who is doing a mighty good job, Wing-Commander Denton Massey, at Trenton.

Mr. TUSTIN: After these boys are "washed out" as pilots, as I believe it is called, do they all go to this school to be re-selected for some other branch of the service?

Mr. POWER: Yes, I think so. There is quite a number there at the present time, and at one time until they got properly organized, they stayed there some considerable time, but I am told that that situation has improved enormously and we are getting them out to other branches and other trades. My information is that this school has been a great success.

Mr. HANSON (York-Sunbury): Will the minister ascertain whether it is compulsory for these boys to go to that school, or have they the right of election?

Mr. POWER: We have had two or three kinds of enlistment; the original enlistment for aircrews I think gave us the right to say, "Even if you do not succeed as a pilot you will have to go on and try as an observer or a wireless air gunner or gunner if we want you

to." As a matter of fact we did that. I shall have to check back to see what the status is of a man who enlisted for aircrew and failed on one or more points, whether we can put him down to standard duty. I think that lately we have brought that into effect, but I am not sure.

I come now to the joint air training plan. The growing importance of this plan I think I need not stress, but as an example of the interest with which it is being regarded on the other side I call attention to the fact that it was thought of sufficient importance for a member of the royal family, His Royal Highness the Duke of Kent, to visit the air training schools of the joint empire training plan in Canada, as well as those belonging to the Royal Air Force. He came as an air commodore in the Royal Air Force and, as befits such an officer, he flew from one end of this country to the other and visited as many schools as, if not more than, any inspector excepting the inspector-general of our own Canadian force. He was well received by our people; they were extremely glad to see him, and when he left he told me he had enjoyed his visit very much.

In connection with the joint air training scheme some flying statistics may be of interest:

1. Hours flown by J.A.T.P. schools to September 30, 1941	1,795,893	
At 125 miles per hour this represents	224,486,625	miles
Number of fatal accidents	157	
Number of hours flown per fatal accident	11,438	hours
Number of miles flown per fatal accident	1,429,851	miles
2. United States civilian flying in 1940 show 1,269,231 miles flown per each fatal accident.		
3. The fatal accident rate of J.A.T.P. schools has come down from November, 1940, when it was ·17 to September, 1941, when the rate was ·067 or 1 fatal accident to 1,818,279 miles flown, but we must expect an upward trend during the winter months.		
4. Total flying time for September, including home war establishment and Royal Air Force in Canada	253,490	hours
Total flying time since April, 1940	1,887,130	hours
Total flying time since Sept. 30/40 to Sept. 30/41	1,760,640	hours
Total flying time since Jan. 1, 1941—that is for nine months of the present year	1,596,680	hours
This latter figure indicates that the total flying time for the present calendar year will be about	2,250,000	hours
5. If the average flying speed is taken at 125 miles an hour, then we are exceeding 31,686,250 miles a month, or over 1,000,000 miles a day.		

Now this I am sure will be of interest to hon. members; all the flying stations in Canada are now selected. I am not asking for any more aerodromes. As far as the joint air training plan is concerned they are not all open, but they are all selected, and I am handing to *Hansard* a list of the British commonwealth air training plan establishments. The plan is now in full operation. As a matter of fact there remain two schools to open before the end of the year, but all sites are selected and construction well under way, and we do not propose to develop any more aerodromes. That does not mean that we are going to remain static; what we shall do will be that when we "upgrade" or increase the pupil population we shall add more buildings to the existing establishments. For instance, in the elementary training flying schools we propose to make into double schools, I think five this month which are at present single schools, and next spring probably two or three more. The British commonwealth air training plan establishments are as follows:

British Commonwealth Air Training Plan
Establishments

Elementary Flying Training Schools
Malton, Ont.
Fort William, Ont.
London, Ont.
Windsor Mills, P.Q.
High River, Alta.
Relief—Frank Lake. Alta.
Prince Albert, Sask.
Windsor, Ont.
Vancouver, B.C.
St. Catharines, Ont.
Hamilton, Ont.
Cap de la Madeleine, P.Q.
Goderich, Ont.
St. Eugene, Ont.
Portage la Prairie, Man.
Regina, Sask.
Edmonton, Alta.
Stanley, N.S.
Boundary Bay, B.C.
Relief—Langley, B.C.
Virden, Man.
Relief—Hargrave, Man.
Oshawa, Ont.
Relief—Whitby, Ont.
Chatham, N.B.
Quebec City, P.Q.

Air Navigation Schools
Rivers, Man.
Pennfield Ridge, N.B.

Air Observer Schools
Malton, Ont.
Edmonton, Alta.
Regina, Sask.
London, Ont.
Winnipeg, Man.
Prince Albert, Sask.
Portage la Prairie, Man.
Quebec City, P.Q.
St. Johns, P.Q.
Chatham, N.B.

Bombing and Gunnery Schools
Jarvis, Ont.
Mossbank, Sask.
Macdonald, Man.
Fingal, Ont.
Dafoe, Sask.
Mountain View, Ont.
Paulson, Man.
Lethbridge, Alta.
Mont Joli, P.Q.

Service Flying Training Schools
Camp Borden, Ont.
Relief No. 1—Edenvale, Ont.
Relief No. 2—Alliston, Ont.
Ottawa, Ont.
Relief No. 1—Pendleton, Ont.
Relief No. 2—Edwards, Ont.
Calgary, Alta. (Currie barracks)
Relief No. 1—Shepard, Alta.
Saskatoon, Sask.
Relief No. 1—Vanscoy, Sask.
Relief No. 2—Osler, Sask.
Brantford, Ont.
Relief No. 1—Burtch, Ont.
Dunnville, Ont.
Relief No. 1—Welland, Ont.
Macleod, Alta.
Relief No. 1—Granum, Alta.
Moncton, N.B.
Relief No. 1—Scoudouc, N.B.
Relief No. 2—Salisbury, N.B.
Summerside, P.E.I.
Relief No. 1—Mount Pleasant, P.E.I.
Relief No. 2—Wellington, P.E.I.
Dauphin, Man.
Relief No. 1—North Junction, Man.
Relief No. 2—Valley River, Man.
Yorkton, Sask.
Relief No. 1—Sturdee, Sask.
Relief No. 2—Rhein, Sask.
Brandon, Man.
Relief No. 1—Chater, Man.
Relief No. 2—Douglas, Man.
St. Hubert, P.Q.
Relief No. 1—St. Johns, P.Q.
Relief No. 2—Farnham, P.Q.
Aylmer, Ont.
Relief No. 1—St. Thomas, Ont.
Claresholm, Alta.
Relief No. 1—Woodhouse, Alta.
Hagersville, Ont.
Relief No. 1—Kohler, Ont.

Central Flying School
Trenton, Ont.
Relief No. 1—Mohawk, Ont.

Wireless Schools
Montreal, P.Q.
Calgary, Alta.
Winnipeg, Man.
Guelph, Ont.

Initial Training Schools
Toronto, Ont.
Regina, Sask.
Victoriaville, P.Q.
Edmonton, Alta.
Belleville, Ont.
Saskatoon, Sask.

Technical Training School
St. Thomas, Ont.

Technical Detachments
Toronto, Ont.
Montreal, P.Q.

Composite Training School
Trenton, Ont.

School of Aeronautical Engineering
Montreal, P.Q.

Holding Unit
Moncton, N.B.

Air Armament School
Mountain View, Ont.

Depots
Trenton, Ont.
Winnipeg, Man.
St. Johns, P.Q.
Calgary, Alta.
Toronto, Ont.
Montreal, P.Q.
Ottawa, Ont.
Brandon, Man.
Edmonton, Alta.
Quebec, P.Q.
Lachine, P.Q.
Camp Borden, Ont.
Regina, Sask.
Halifax, N.S.
Rockcliffe, Ont.

By that system we shall avoid the necessity of further expenditures in the building of aerodromes. We upgraded our output by what is known as overbearing—that is, taking on more pupils. In some instances we have done this because the courses have been lengthened. Where we had a ten-week course we have made it a fourteen-week course. But in order that there be no interference with output we have taken on more pupils. Therefore in the long run the final result is the same.

As time has gone on we have been changing the syllabus. We must keep up to date with the progress of the war and with science. At one time the call was all for fighters. At the present time there is a very special call for observers and bombers. Accordingly we must meet the difficulties as they come. We must keep our schools up to date, so that we may be able to develop the men who are most required at a given time. It has been necessary to increase the number of manning depots and initial training schools to a considerable degree over that which was anticipated at the beginning.

With the construction of schools, new construction at schools already in existence, new projects in the way of reserve fields, and new buildings for auxiliary services, such as

manning depots, embarkation depots and so on, our works and buildings branch has been as busy this summer as it was in 1940. Probably the expenditure is just as great.

Apart from the joint air training plan schools themselves, there are now operating in Canada other schools and establishments manned by the Royal Air Force personnel, and utilized primarily for the training of Royal Air Force pupils.

Mr. HANSON (York-Sunbury): Before the minister leaves the joint plan, would he be good enough to indicate to what extent the sister dominions are utilizing the plan, having regard to what the previous arrangement was? Are they using our facilities to an increased extent, or is that use decreasing? Will it eventually fade away?

Mr. POWER: I am unable to say whether or not the utilization by our partners will fade away. I was coming to that later on. I might say now, however, that there is a proposal for the continuance after 1943 of the joint air training plan. As a matter of fact that was one of the matters I took up when I was on the other side. As to whether Australia and New Zealand will continue on the same basis, or whether we will carry on on a different financial basis, or whether they would prefer to do their own training, in view of the fact that perhaps to a considerable extent they have now developed their own schools, I am not in a position to say.

To all intents and purposes, they have kept up their contribution of air crew personnel. It has not been diminished. When in certain instances we increased the number I believe some of our sister dominions said that they would not send them all the way to Canada, but would send some direct, instead. But they have lived up to their commitments fully, and in an entirely satisfactory way. May I point out further that the personnel they have sent us has been most excellent and outstanding in our schools. Australian and New Zealand pupils have really made names for themselves in the way of discipline and energy, and the enthusiasm they show in their work.

Apart from these joint training plan schools there are a number of schools manned by Royal Air Force personnel and utilized for the purpose of training Royal Air Force pupils. I have no authority from the United Kingdom officials to give information respecting the location of these schools, the number of personnel or pupils. I can say, however, that these courses are under the control and administration of the Royal Canadian Air Force, and they constitute a most important addition both in schools and in the responsibilities of the department.

Then, the Canadian government facilities have been used in connection with the selection of sites for those schools, the development of aerodromes, and the construction of buildings and runways. All projects at present contemplated—and I say this advisedly—are being proceeded with expeditiously. The additional burdens placed upon the various departments, as well as the Royal Canadian Air Force, have been met without difficulty. The estimated cost of the transfer school policy to March 31, 1942, is $105,000,000. That is only an estimate, and it is on a repayment basis.

I return now to the matter of equipment in our own school. We have at least twice as many aircraft as we had last year, and they are coming in fast. But our needs are much greater than they were. The ministry of supply are honouring their commitments, but we are asking for more, and will continue to ask for more. It is a question of balance. There is no good in extending in one direction without extending in others at the same time, so that a man's training can be carried right through. Some types of aircraft are harder to get than others. They must have special qualities and performance. This applies particularly to the training aircraft in the bombing and gunnery schools.

The equipment in kind is being received from the United Kingdom. We are experimenting, substituting and modifying, and I hope—in fact I am sure—that it will be possible to modify certain types of aircraft built in Canada under the Department of Munitions and Supply so as to substitute them for those most difficult to get from the other side. I believe we shall get what we need, and if we do we shall be able to increase considerably our output of a certain type of pupils to which we are not at all committed. I refer to pupils such as the straight air gunners—tail-end-Charleys, they call them. They are the men who sit at the tail-end of the bombing planes, with all heaven above and all hell below. We could train many of these men. They require clear grit; they must have nerves of steel, and a clear eye. We have in Canada men of that kind we could train, when we get the necessary extra aircraft to do it.

I turn now to overhaul. Last year it was a headache; this year it is arthritis, phlebitis, St. Vitus dance and everything else put together. The cause of the disease is a shortage of spares. There is a world shortage of spares, and particularly of engines. Naturally it arises from the urgent demand for engines for operational aircraft. The planes we use in our bombing and gunnery schools are Fairey Battle planes powered with Merlin engines. Nothing less powerful than the Merlin engine will do.

We are carrying on thousands of hours of bombing, and our demands for spares are enormous and probably unprecedented.

In the matter of supplies of these Battle and Merlin engines we are almost entirely in the hands of the authorities overseas. They know our needs, and they must be the final judges of where supplies can best be used. It must be remembered that they have responsibilities in south Africa, Rhodesia, Australia and other parts of the world. What spares can be made here we will make, but there are limits in that regard. It is a difficult art, calling for special tools which may be needed elsewhere. The answer is to extemporize, substitute and multiply. We are doing all this. So far there has been no hold-up, and we hope there will not be. But I do not wish to disguise from the committee that the going is pretty tough, and that we shall have a hard time to keep those planes in the air.

I turn now to output of trained pilots, observers, wireless air gunners and gunners. The steady stream of pilots is more than we had hoped. It is running smoothly, and they are turning out in greater numbers than we expected when the plan was conceived. We have a right to be proud that we have gone far beyond our original plan. Anyone who has been overseas knows that our boys are there. They are not there in speeches; they are not there in the papers, but they are there in bombers, there at their stations, and there over Germany every night. They are there in Tripoli and Libya and Russia—and everywhere. Wherever the Royal Air Force is, there they are.

Last year someone asked in the house what the position was, and I said we would be judged by the results of our plans. I can say now that that hon. member need not ask me; he could ask Hitler. Hitler knows, and he is going to know more and more, as this war goes on. The other answer is to read the daily press. Only this week in flaming headlines in all the press of Canada there was an account of the daring and successful attack of Royal Canadian Air Force squadrons on German shipping. That took place under the nose of the German navy, under the guns of the garrisons of occupied France and in the teeth of the German air force itself. There is no doubt that we can say that the Royal Canadian Air Force pupil graduates are coming into their own. There were those who jeered when we began eighteen months ago with the first class of 168 men and said that we could not win wars on schedule. That class of 168 men has been multiplied one-hundredfold, and to-day I think we can safely say that the empire training scheme has won its wings.

[Mr. Power.]

Overseas we have sixteen squadrons in active operation while one was recently dispatched to the middle east. They are of all types and categories, fighter, night fighter, army cooperation, bomber and so on. Besides that, thousands of our men are in the Royal Air Force wherever the Royal Air Force is fighting. We have also supplied radio mechanics and ground crews. As yet we have not sufficient ground crews, but we are sending them over all the time and before long we expect to equip the twenty-five Royal Canadian Air Force squadrons there now and whatever squadrons we may be able to send over later with our own ground crews.

In view of this active participation of the Royal Canadian Air Force it has been thought advisable to issue a kind of communique at intervals, perhaps irregular, indicating to the Canadian people just what their own boys in the air force are doing. I have the first of these official communiques which will be released to the press to-morrow, and perhaps it might be interesting to hon. members if I were to read it. It reads:

Daylight sweeps by fighter aircraft, escort duties during bombing raids on northern France, heavy night attacks on German territory and large-scale activities against enemy shipping have been included in recent activities of squadrons of the Royal Canadian Air Force overseas.

During offensive sweeps over nazi held territory, one Royal Canadian Air Force fighter squadron accounted for three Messerschmitt 109's and damaged a fourth. Another squadron, acting as escort for formations of Blenheim bombers in a successful raid on Mazingarbe, northern France, destroyed two enemy aircraft which tried to interfere. Credit for these two victories went to Pilot Officer G. McClusky of Sudbury and Sergeant G. D. Robertson of 3 Lamport avenue, Toronto.

In night fighting operations over Britain, a Royal Canadian Air Force night fighter squadron, commanded by Wing Commander D. G. Morris, Oakville, Ontario, destroyed three enemy raiders and damaged a fourth.

The three aircraft destroyed, a Junkers 88, Dornier 17 and Heinkel 111, were all shot down by Wing Commander Morris himself, two of them within half an hour on one night. The Dornier blew up in the air when hit by cannon fire from the wing commander's guns, and pieces of it struck his own aircraft, putting one engine out of action. But he managed to return safely to his base on the remaining motor.

Wing Commander Morris has been awarded the distinguished flying cross and his observer, Sergeant Rix, has received the distinguished flying medal. Credit for damaging the fourth raider is given Flight Lieutenant F. W. Hillock, 14 Walmsley boulevard, Toronto, and his observer, Sergeant L. G. Bell of Montreal.

A bomber squadron of the Royal Canadian Air Force took part in heavy raids on Stetting, Hamburg, Essen and Ostend, successfully bombing the targets allotted to it. Three veteran crews of this squadron were assigned to participate in a severe raid on Bavaria and reported that the target had been badly damaged.

In recent operations against enemy convoys off the coasts of northern France, Holland and Denmark, a Royal Canadian Air Force squadron of the coastal command scored direct hits on supply ships and tankers.

Wing Commander H. M. Tyles, commander of the squadron, scored direct hits on at least three occasions and holds the high score in his squadron. Pilot Officer Robert Wudds, of Toronto, is credited with direct hits, along with Flight Lieutenant W. A. Anderson, 12 Whitehall apartments, Osborne street, Winnipeg, and Sergeant Pilot J. K. Abbott of Toronto.

Two Royal Canadian Air Force squadrons cooperated with the imperial and Canadian armies in the recent manoeuvres, recognized as the most extensive in the history of the British army.

As time goes on and as they are prepared, it is our intention to issue similar communiques to the Canadian press.

I come now to a discussion of my trip overseas last summer. The purpose of my trip was to see and hear from our partners in the joint air training plan just how our boys were shaping up, to see the boys themselves, and as the plan was in full operation to ascertain what modifications and improvements could be made, particularly what improvements could be made in Canada. I stressed particularly the lot of our graduates, those men who are not formed into Royal Canadian Air Force squadrons. A vast majority of them are attached to the Royal Air Force.

We have taken the very cream of the youth of Canada. We have taken these youths from our schools, our colleges and our universities. I think these men are the most truly Canadian body that exists anywhere in the world. I would say that as a body they are more Canadian than even this House of Commons. There has been no great tide of immigration from the other side, from Great Britain or anywhere else, during the past twenty-five years. These boys are mainly third, fourth and fifth generation Canadians, bred in Canada, schooled in Canadian schools and with an intensely Canadian viewpoint. Their viewpoint is far removed from that of those of us who are perhaps more closely connected with the old land. They are more Canadian by far than was the Canadian army in the last war, in which was a large proportion of men born on the other side of the water. As I say, these men have the Canadian viewpoint, if it exists anywhere. They are the future leaders of this country and the destiny of Canada will some day be in their hands. Therefore, it behooves us, or any government that takes its duties seriously, to see to it that these men do not return from overseas with the same sense of disappointment, disillusionment and discontent as did the men who returned from the last war.

Perhaps it would have been better if we had been able to keep them together as Canadians, but the circumstances were such that we had to sacrifice national pride to efficiency and expedition. In order to produce more of them more quickly and get them into the fighting line, we placed them in a joint pool with the other young men of the empire. I do not think that will do them any harm. There has been no difficulty in getting them to fight alongside other men of the empire. The cause is such and the enemy is such that all sons of freedom can very well combine to fight against this common enemy. But the boys themselves, and their parents as well, like to think that they are with pals, and it was in order to keep them together as much as possible, whether in Canadian or British formations, that I made representations to the British government. May I say at once that there was not the slightest hesitation or reluctance on their part. To ask was to receive and every suggestion met with immediate and enthusiastic acquiescence.

I have been asked on many occasions since my return what we had to say about the quality of our output, and that was the first question I placed before the air ministry. And here is the answer—textually, no flattery, no encomiums—this was a business meeting:

The air member for training paid a warm tribute to the high personal quality of Canadian trainees. He mentioned that there had been many factors which might have had an adverse effect on the quality of the output from the training scheme as it arrived in the United Kingdom.

The scheme was one of great magnitude, involving much initial preparation. Some of the staffs available were necessarily inexperienced, essential equipment could not be supplied and after completion of basic training there were inevitably gaps during voyage and waiting periods. Furthermore, on account of the need for increased output the amount of training had been reduced to the bare minimum. He expressed his gratitude for the valuable assistance rendered by Canada in increasing the output during the difficult period through which we had been passing. There were factors such as acclimatization in the United Kingdom, map reading difficulties, different conditions of visibility and the "blackout" which might have been expected to make it necessary to give the J.A.T.P. pupils a lengthened course of training at operational training units. In spite of these factors, the quality of the training given in Canada and the keenness of the pupils had been such as to enable them to complete their operational training within the normal length of course.

Another matter discussed was the status of Canadians in the Royal Air Force, particularly those below commissioned rank. The Canadian government has a moral responsibility with regard to the general conditions and welfare of these men, to see that they should not

be too widely dispersed and that they should have ready access to Canadian authority. These points were understood and agreed to, and to implement that policy the Royal Air Force very gladly invited the Royal Canadian Air Force to send over its own officers to work in the Royal Air Force in the posting branch, in records, in the pay office and in any other departments in which there might be contact with Canadian air crews or Canadian groups. They will also take our officers into their higher commands as soon as we can spare them. We have pointed out to the Royal Air Force headquarters in London that it is our desire to keep in closer touch with our people wherever they may be, and only this week we have sent overseas as air officer in chief, Air Vice-Marshal Edwards who has been in the closest touch with our graduates here. He knows our men and their needs and will look after their interests.

There were other matters dealt with, legal questions arising out of the discussion initiated by my hon. friend the leader of the opposition (Mr. Hanson) with regard to the Visiting Forces Act, questions with respect to courts martial, and others. Perhaps the committee is not aware of the fact that during the last war Australia—perhaps New Zealand, but certainly Australia—provided by legislation that courts martial involving sentence of death should not be passed by any but their own people. I have arranged, and I think the army is doing the same thing, that no sentence of a court martial involving dismissal, cashiering, penal servitude or sentence of death may be passed without its being sent to Canada for confirmation. That is with regard to the Royal Canadian Air Force and it applies to Canadian graduates who are now serving in the Royal Air Force in that the officers commanding will have no warrant to execute these sentences without reference to the Canadian government.

We also arranged for a better system of commissioning our graduates overseas in that there will be Canadian representation, a Canadian officer on all boards making selection of Canadian officers, and the chief air officer commanding overseas has been delegated authority, so that there will be no delay, to approve these appointments on probation and to cable the names over here.

We also took up the question of granting more commissions to graduates of wireless schools and air gunners. Whereas at one time commissions were not granted at all to wireless operators or gunners, and then subsequently a quota of 2 per cent was established, it has now been agreed that 10 per cent of the output upon completing training will receive commissioned rank, and a further 10 per cent after a certain amount of operational experience, and with regard to air gunners it has been agreed that 5 per cent shall be given commissioned rank on completion of training, and a further 15 per cent after a period of operational experience.

A number of other questions were taken up affecting the welfare of the men, as well as questions of training, syllabus and administration, and these were all dealt with in so far as we are concerned in a most satisfactory manner.

As time goes on, more and more Canadians will be grouped together in squadrons, at stations, in groups and in commands, and our men will assume higher and higher responsibilities.

There was also taken up the question of the continuation of the air training plan after April, 1943. As I have just said in answer to a question by my hon. friend the leader of the opposition, the matter was initiated then and it is now being taken up actively and will be discussed, I believe, within the next two or three weeks. Meanwhile I may say for the information of the committee that we are taking appropriate action for the purchase of aircraft and such equipment as may be required because we are convinced that so long as this war lasts, the air training scheme in some form or other, whether by training under our present system or otherwise, will go on, and therefore we are making arrangements for the provision of aircraft which will come in after 1943.

There is little else I have to say with respect to my visit. I saw the boys. I was impressed by their morale, their gayety, their brave comradeship, their sportsmanship and their keenness to get at their job. I do not know that there is anything of particular interest for me to tell the committee with respect to my visits to the different stations. I saw a very large proportion of the stations where our Canadians were congregated in any degree, and all I can say is that I hope we were in some manner successful, not in raising their morale, because that is not needed, but in impressing on our boys that the people of Canada were back of them right through to the end. There are many of them, and there will be many times more—how many I am not permitted to say. I can give the committee no figures, no statistics. I do not need to, because their deeds are written large across the blazing skies of Africa, Europe and Asia; they are being seared into the minds of the people of Germany and are being written gloriously into the pages of the history of Canada and the empire. Unfortunately they are being written, too, on the hearts of the afflicted parents of these boys

who become casualties. There is little I can say to alleviate their grief, and I can promise no relief except this, that those who say the Canadian people cannot take it do not know whereof they speak. May I say that in the communications received from the afflicted parents there is a note of pride, of nobility, of patience and of strength. For the moment it is these individuals who feel the blow. It will be only after this accursed conflict has been liquidated and we have attempted to take stock of our national assets, when we shall require in our post-war struggle for existence in a newer world all the strength of will and brain inherent in our national character, that the Canadian people will be aware of the grievous blow and of the sacrifice which it has suffered through being deprived of the most noble, the most brilliant and the most able young men of this generation.

Hon. J. L. ILSLEY (Minister of Finance): The principal part of my speech will be an explanation of the government's price ceiling policy, but before I come to that there are a few matters which may be of interest to members of the committee.

It will be recalled that in the budget it was indicated that total war expenditures would amount to something between $1,300,000,000 already appropriated for this fiscal year and the $1,450,000,000 which was the total of the departmental estimates of their requirements. This war expenditure which we refer to as the direct war expenditure of the dominion was to be in addition to the sums which it would be necessary to provide in order to enable Great Britain to purchase foodstuffs, raw materials and munitions of war in Canada. The net amount estimated to be required for this purpose for the present fiscal year was from $800,000,000 to $900,000,000. In addition to these two purposes, that is the direct war expenditure of Canada and the assistance to Great Britain, there was another purpose for which it was necessary to provide money, namely, the non-war expenditure of the government. Altogether the three amounts—direct war expenditures of the government, assistance to Great Britain, and non-war expenditures—were estimated to amount to $2,700,000,000 or $2,800,000,000, and that is the figure which I have consistently placed before parliament and before the public in any speeches which I have made upon the financial requirements of the government for the present fiscal year.

Naturally, the task of raising $2,700,000,000 or $2,800,000,000 from the people of Canada by taxes and loans is a very considerable one.

With regard to the way in which our estimates have worked out, I may say that the actual war expenditures for the first half of the fiscal year amounted to about $496,000,000. This half of the fiscal year, however, included April, which is really only about half a month from the point of view of expenditures, because much of the disbursement in that month is chargeable to the preceding fiscal year. The rate of war expenditure has been rising and is expected to rise rapidly in the second half of the year. At present I can only express the view that we shall exceed the appropriation of $1,300,000,000, but it is still too far from the end of the fiscal year to make a precise estimate of how much that excess will be. In the new session of parliament I shall have occasion to make a revised estimate.

I have been speaking about the expenditure. With regard to the revenue, I estimated in the budget that the revenue which would be obtained during the present fiscal year would be $1,400,000,000; and in some public speeches which I have made I have said it would appear that this would be exceeded, that the figure would be nearer $1,500,000,000. Always, when I have used this figure, surprise, amounting almost to incredulity, has been apparent in the faces of those to whom I was speaking, on account of the magnitude of the sum that we are raising in taxation and otherwise by way of revenue—such as post office revenue—from the Canadian people, but I am not in a position to state here with any definiteness whether the amount will be $1,400,000,000 or $1,500,000,000. No useful purpose would be served by making an estimate now; it will be only a few months before we shall know, and know exactly, but at any rate the amount received by way of revenue will be of that order.

Perhaps a striking fact about our revenues this year is this, that the tax revenues up to yesterday, with almost five months of the fiscal year yet to come, have exceeded the total tax revenue for all of last fiscal year by over $17,000,000. For the first half of the fiscal year, that is up to September 30, total revenues amounted to $696,000,000, which was $313,000,000 higher than the revenues for the same period of last year, and some $18,000,000 higher than our total expenditures for that period, excluding of course our assistance to Britain.

I think, Mr. Chairman, that suffices for a rapid and concise presentation of the revenue and expenditure position of the dominion. If there are any questions which occur to any hon. members, I shall try at a later stage to answer them.

There is another matter about which I should say something, and that is the victory

loan. That was a major financial operation, and one the results of which have not been presented to the house. The victory loan campaign was in progress when the house adjourned in June. Hon members will recall the extent and nature of the campaign. A nation-wide organization was set up to promote the sale of victory bonds. The objective was at least $600,000,000. The campaign met with a very gratifying response from the Canadian people, a response which was a credit to the selling organization and a credit to Mr. Spinney, general manager of the bank of Montreal, who headed the organization. It was also a credit to the people of Canada who subscribed for bonds to an amount substantially greater than the amount of the objective which was set.

I shall now present to the committee and place on *Hansard* the final figures of the results of the victory loan campaign.

Total number of subscribers.....	968,259

I should like to call the attention of hon. members to that figure. It means that there was a very wide distribution of those bonds. In some provinces one person out of every eight or thereabouts of the population bought a victory bond of some kind. The average is very satisfactory indeed.

Total amount of subscriptions.....	$836,820,250
Total cash subscriptions.....	730,376,250
Total conversion subscriptions.....	106,444,000
Number of $ 50 subscriptions =	416,511
Number of $100 subscriptions =	244,771
Number of subscriptions of more than $100 but not more than $500..... =	199,764

While, of course, the victory loan was the most spectacular financial event of recent months, and the main source of our borrowed funds, I should like to emphasize the importance of our continued, systematic borrowing by means of the sale of war savings certificates. The war savings organization has been operating continuously since it was established in May, 1940, and is now bringing in a steady stream of funds. It will be recalled that in February of this year an intensive campaign was conducted to increase the amount being subscribed in war savings. This campaign succeeded in bringing the monthly rate subscriptions up to the objective, but the high figures were not maintained in later months owing to the falling off in the size and number of single subscriptions. The more valuable, regular subscriptions under the payroll plan and other systematic pledge plans have continued to expand. In recent weeks another intensive campaign is being carried out, with the assistance of about forty thousand voluntary workers, for the purpose of increasing very substantially the amount of savings by these systematic methods. The activity this fall has been decentralized into the hands of provincial and local organizations, and objectives have been set for communities in terms of specific items of war supplies or weapons. It is hoped that this intensive campaign will increase the rate of subscriptions from its average level so far this year of $83,000,000 a year to a rate of at least $120,000,000 a year.

I should like to take this opportunity to express the appreciation of the government to the thousands of Canadians who are helping us with such patience and enthusiasm in this unexciting but very important work.

I come now to a brief statement of our aid to Britain. During recent months this country has continued to provide financial assistance on a large scale to the British government in order to enable Britain to obtain essential supplies she requires from Canada. Members may recall that in the budget speech I stated that Britain's total deficit of Canadian dollars from the beginning of the war up to March 31 last had been about $795,000,000, of which $250,000,000 had been met by transfer of gold, later transferred by us to the United States; $337,000,000 had been met by the repatriation of Canadian securities and other assets, through government agencies and otherwise, while the balance of $208,000,000 had been met by the accumulation by Canada of sterling balances.

In the seven months from that date to October 31 last, the amount of the British deficit has been $613,000,000. By the repatriation of its own securities held in Britain, the dominion government provided about $135,000,000 of this, while sales of other British-owned Canadian securities and other capital items accounted for about $40,000,000. The remainder, $438,000,000, much the largest part of the deficit, was provided by the dominion government in return for sterling balances placed to its credit in London and simply left there to accumulate. The total of these sterling balances on October 31 was the equivalent of about $655,000,000.

In order to enable the foreign exchange control board to accumulate sterling in this way, it was necessary to increase the fund at its disposal. This was done in July by making advances totalling $400,000,000 to the exchange fund. These advances have been charged to the consolidated revenue fund in accordance with section 3 of the War Appropriation Act passed earlier this session.

I should like to say a word about the negotiations with the provinces. The committee will recall the offer made to the provinces in the budget of last April. The leader of the opposition has indicated that he would like me to inform the committee as

to the stage which negotiations with the provinces have reached. All the provinces have indicated their interest in the offer and their willingness to discuss it with the dominion. Before this discussion could take place it was necessary that our auditors examine the books of the provinces and prepare reports on a uniform and comparable basis. This was done during the summer and early fall. Then the representatives of each of the provinces came to Ottawa and I had conferences with them, and discussed with them terms and provisions which might appropriately be included in agreements to be entered into between the provinces and the dominion.

While it cannot be considered with strictness that any province is committed to enter into an agreement with the dominion, the indications are that agreements will probably be reached with all the provinces within the next few weeks. The problem of the New Brunswick municipalities, in which the leader of the opposition is particularly interested, has been given much consideration and, it is hoped, can be satisfactorily solved. Problems somewhat similar have appeared in other parts of the dominion, and it is expected that a satisfactory solution of these too will be found. I do not think I should say anything more about that. They are not solved yet, and we have not decided and cannot decide, until certain other conferences are held and certain other discussions take place, exactly what we shall do about these matters.

Mr. HANSON (York-Sunbury): Is the minister proposing to meet a committee of the union of municipalities from New Brunswick?

Mr. ILSLEY: I am meeting the premier and he is having representatives of the municipalities with him.

Mr. HANSON (York-Sunbury): That is the same thing.

Mr. ILSLEY: The problem presented by the municipalities is only one of a large number of difficulties which have presented themselves as the conferences have proceeded. There are a great many intricacies and difficulties in points of detail which require patience and take a great deal of time, if results fair to all governments are to be obtained.

I come now to a matter which will take some time, and perhaps I had better ask that it be called six o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ILSLEY: Mr. Chairman, at six o'clock I stated that I was coming to a division in my speech and would be taking up another subject at eight o'clock. The subject to which I referred was the price-ceiling policy adopted by the government. This policy has been dealt with in a broadcast by the Prime Minister to the Canadian people, and it will not be possible for me to add very much, in my remarks to the committee to-night, to what the Prime Minister said in that speech. The leader of the opposition, however, invited the Minister of Finance to make some further explanation of certain phases of the price-ceiling policy to the committee when that matter was reached, and I thought it might not be inappropriate if I should tell the committee in very plain and simple language just why the price-ceiling policy was recommended to the government by myself and why it was adopted by the government.

This policy was not based on any fine-spun theories or abstract considerations; it was based upon the harsh necessities of the moment. Consider what was happening. I have before me a table showing the rise in the price level from August, 1939, to October, 1941. I shall place this table on *Hansard,* but before I do so I think I should point out to the committee some of the important features of the table.

Taking the average of 1935-39 as the base, and calling that 100, the index figure of cost of living for August, 1939, before the war began, was 100·8. In November, 1939, after three months, it was 103·8. In February, after six months, it was 103·8. In August, 1940, after one year, it was 105·9. In February, 1941, after eighteen months, it was 108·2.

For the following months the figures were as follows:

March, 1941	108·2
April, 1941	108·6
May, 1941	109·4
June, 1941	110·5
July, 1941	111·9
August, 1941	113·7
September, 1941	114·7
October, 1941	115·5

In October the cost of living index figure was 14·6 per cent above what it was in August, 1939. The increase in the last six months was 6·9 points of the index. The increase in the index of the cost of food from August, 1939, to August, 1941, was 23·9 and for the last six months 13·1 points, indicating that the very substantial increases in the cost of food were largely responsible for the less

substantial but nevertheless substantial increases in the cost of living index. Of the 12·8 per cent increase in the total index from August, 1939, to August, 1941, the increased cost of food accounted for more than 53 per cent of the change.

Mr. HOMUTH: Would the minister indicate just what items are taken into consideration in figuring the cost?

Mr. ILSLEY: I do not think I can stop to do that; I have not the material here; it would be a long story and involve me and the committee in a great deal of detail. I think answers to questions like that should be reserved for a later stage.

Mr. HANSON (York-Sunbury): If I may interrupt, does it indicate that the average of 1935-39 which the minister takes as the base was a high price level in food, or was that not a very low level?

Mr. ILSLEY: That was a low price level.

Mr. HANSON (York-Sunbury): So that an increase of 15 to 20 per cent would not necessarily indicate a high price level?

Mr. ILSLEY: Not necessarily. It indicated a fairly rapid rise towards the latter part of the period.

The extent of the rise itself perhaps was not the most serious feature of the situation. The most serious feature was that there were certain obviously inflationary forces at work in the country. I am not an economist and I am certainly not a "brain-truster", to use the language of hon. gentlemen opposite—

Mr. HANSON (York-Sunbury): For lack of a better word.

Mr. HOMUTH: They are not in the house.

Mr. ILSLEY: —and probably I shall oversimplify somewhat my explanation of the inflationary forces. But there is no doubt that when the resources and labour of the country are pretty fully used, when we reach a stage of full employment, and are making more and more war materials, devoting a larger and larger proportion of our human and material resources to the production of war equipment and war materials, there is no doubt that inflationary forces of a very powerful type are at work. Now this is the way in which Mr. Henderson, head of the office of price administration and civilian supply, explained the matter. Perhaps he oversimplified it too, but it is well to make these matters as simple as possible, and essentially this is correct: if the total work done by the people of the nation is represented by eight hours, and three hours of that work is devoted to war purposes and only five hours to the production of peace-time goods, civilian supplies, then there are eight hours' wages to be spent on the product of five hours' labour. Therefore, unless something is done to channel back the wages for the other three hours, there is going to be such a disparity between purchasing power and what there is to be purchased that there will be a most powerful upward pressure on prices.

Mr. HANSON (York-Sunbury): That is, freer buying.

Mr. ILSLEY: There is far more money to spend, and less to spend it on. As we devote more and more of our goods to war purposes, that condition develops. Those are the essentials of the situation in a war such as this, and at a time when we are making such enormous quantities of goods. Surely the committee was impressed by the speech of my colleague the Minister of Munitions and Supply in which he showed the colossal output we now have, and indicated that it would be still larger in the future.

One will see at once that, unless curbed, forces will push the price levels up and up and up. How can that be stopped? Since the beginning of the war we have pursued a severe taxation policy. We have tried to tax as much as possible of the purchasing power back into the exchequer. We have gone all across the country and combed it for small subscriptions to war savings certificates. We have sold bonds to the people. In these ways, namely by taxing and by borrowing, we have tried to get back from the people a large amount of this purchasing power. We believed that this was a right policy and we believed that it was anti-inflationary. To a large extent it is.

But we cannot do enough in that way. The amounts we are getting, as the requirements grow, are not sufficient. As the two hours out of the eight becomes three hours, and as the three hours becomes four hours, it becomes impossible adequately to meet the situation by taxation and borrowing. We might possibly be able to do it if we placed oppressively high taxes on the people.

I have in mind, by way of example, a national defence tax of, say 20 per cent, instead of 5 per cent, or something like that. But a tax of that kind would be so inequitable, and the variation in individual circumstances would be so great, that we would have all kinds of outcries, and justifiably so, on account of the harshness and inequality of a taxation policy of that kind. It does not help the situation much to say, "Change it into a compulsory saving policy; pay back part of

the taxes at the end of the war", because for the moment it is just as harsh and inequitable, and just as hard to bear.

Therefore in this war, no matter what the course has been in previous wars, so far as I know all countries have come to the conclusion that they must resort to direct measures of limitation and control of production, and price control. We had decided, of course, that we had to do the same thing in Canada. We have had certain selected price controls in force since shortly after the outbreak of the war.

Neither the house nor the country will accept a policy such as this price-ceiling policy, unless they are thoroughly convinced of the evils and the dangers of inflation. I have refrained from arguing that inflation is bad, because I can find no one to disagree with me. I have listened to the social credit group. We have argued that their policies are inflationary. The speakers in that group, to a man, do not meet that argument by saying, "What of it? They are inflationary, but it is a good thing." No, they do not say that; they deny that their policies are inflationary. They admit, and properly so, that inflation is a bad thing, and they argue that their policies are not inflationary.

Coming to the Cooperative Commonwealth Federation we find that to a man they argue against inflation. The hon. member for Vancouver East (Mr. MacInnis), who made such a good speech the other day, never for a moment in the labour circles in which he moves, or in or out of this house, would argue in favour of inflation. He knows that inflation is disastrous to labour. The same could be demonstrated without any trouble at all in so far as its effects on agriculture are concerned.

Then, we find that the Conservative group admit and contend that inflation is a bad thing, and the same is true of the members of the party to which I belong. But sometimes I think that this ready acceptance of a principle leads us to forget the realities of the situation.

Now, looking at the matter from other than the theoretical point of view, looking at it from the point of view of governmental finance, let us consider what would happen if the price levels were allowed to go up and up and up in an uncontrolled fashion. Last spring I asked the house for a vote of $1,300,000,000 for war purposes. The house voted that sum. Then, in addition we had to have money for non-war purposes. I believe the amount was in the neighbourhood of $500,000,000. In addition, we had to raise money required for assistance to Great Britain, to the amount of $900,000,000, making $2,700,000,000 or $2,800,000,000 in all. When I come to the house next spring, perhaps in the early months of the year, it may be that the figures I shall present will be higher than that. It may be—and I do not know, because the estimates are not yet prepared—that instead of being obliged to raise $2,800,000,000, as we are doing this year, and instead of being obliged to spend $2,800,000,000 as we are likely to have to do in this fiscal year, we might have to spend, let us say, $3,000,000,000. It is, I should think, certain to be that, perhaps a great deal more than that. Let us say that the price level rises 20 points, or 20 per cent—and the price level did rise 20 points, or just about 20 per cent, in the third year of the last war. I have figures here to show what happened at that time. That condition makes it necessary for me to obtain another $600,000,000 somewhere. I do not know anywhere to get it, except by taxing the people, borrowing from the people or creating it. Borrowing from the Bank of Canada would be the equivalent of creating it. We have, so far as I know, to do one of those three things.

I do not think taxation will stand indefinite expansion. I do not believe that borrowing can be carried on indefinitely, because when the price level is rising rapidly and the value of the dollar is going down we are going to meet quite a bit of resistance from the people of the country who may be afraid that if that process continues they will be paying in good money and getting out bad. We are determined that this will not occur. We must do that in order to keep faith with the people who lend money to the government. Therefore we are going to have difficulties if we create money. If we borrow it from our own bank, which is the equivalent of issuing it, we are going to go very far toward undermining confidence in our currency, and toward pushing up the price level and creating still greater difficulties for ourselves. That very point of view of governmental finance is a question. That is the problem as it presents itself.

Mr. QUELCH: Would the minister answer a question?

Mr. ILSLEY: I wish the hon. member would not try to tangle me up in social credit questions. There will be time for questions later on.

Mr. HANSON (York-Sunbury): The minister is making a good statement. He ought to be allowed to proceed.

Mr. ILSLEY: The hon. member may question me later. That is the difficulty with which the government is faced, and perhaps the gov-

ernment's difficulties are not of as great importance as the effect a monetary scheme would have on the people.

I said something about the effect on agriculture, but I am not prepared fully to argue it at this time. In fact, if I were to argue all these points fully, my speech would be altogether too long. But in that connection I would refer the committee to what the Prime Minister said in his broadcast, because I believe at that time he put the case very well. This is what he said with respect to agriculture.

> Nor is the position of the farmer any happier than that of the wage-earner. The present war is a war of machines. Because of the heavy demands of war on industry, the scarcity of manufactured goods is likely to be greater than the scarcity of farm products. The rise in prices will consequently be unequal, if prices are left to themselves. The things farmers have to buy tend to go up in price, more than the things they have to sell.

Persons in receipt of fixed incomes are in a pitiful condition in a period of rapid price rise or at the end of such a period. Widows and children who are in receipt of the benefits of insurance policies find that the money they have received is not worth anything like what was paid in by the insured. There is an enormous amount of life insurance carried in Canada, and all this would be badly written down by inflation. Other people have annuity contracts with the government and there are many other people with fixed incomes.

The pressure upon the government to relieve these groups becomes terrific. Lobbies of all kinds develop. I am not saying anything about the merits or justifiability of the various pressures that are being exerted upon the government at the present time, but these have resulted on account of the very moderate increase of 14·6 per cent in the price level since the fairly low level in August, 1939. What have we at the moment? We have thousands of representations on behalf of old age pensioners; we have representations on behalf of the dependents of the men in the forces; we have representations on behalf of civil servants who are not in the lower grades, which grades already receive a cost of living bonus; we have representations on behalf of superannuated civil servants; we have representations on behalf of those in receipt of disability pensions; we have representations on behalf of those in receipt of war veterans' allowances and we have representations from time to time on behalf of those who have entered into contracts with the government.

Let the price level rise be not 14·6 per cent, as is the case, but 50 per cent or 97 or 98 per cent as it was at the end of the last war, and hon. members will see that many groups are going to find themselves completely out of line. They will find that their income does not go anywhere at all. The situation will be that many demands will be made upon the treasury. More and more of these groups will seek relief, but some will be left behind. I do not believe we could ever justify making payments out of the treasury to people cashing insurance policies. I do not believe we could justify making payments out of the treasury to persons who had purchased annuities and that kind of thing. A great many groups here and there throughout the country would find their incomes written down by reason of that price level rise. This matter has been summed up so often that I do not know that it is necessary to go into it again. Mr. Baruch, a citizen of the United States who took a very prominent part in the last war, gave evidence before the banking and currency committee of the House of Representatives, and I should like to read two or three sentences from his submission. He said:

> Except for human slaughter and maiming and all that goes with them, inflation is the most destructive of the consequences of war. It might double or more the cost of the war, it imposes the severest hardships on our people and, through inevitable deflation that follows, burdens the future with a constantly increasing debt and a long period of painful and bitter readjustment destroying the confidence of people in themselves and their government, leaving them open to all the old and new isms. Nor is inflation a danger which will hold back and wait for a formal declaration of a shooting war. With payrolls soaring and shortages developing, more money bidding for less goods, the danger of an inflationary price rise is imminent. If it is not taken firmly in hand in time, it may get beyond the possibility of control.

A little later on he said:

> The second point I want to raise is that price control is essential if government salaries and appropriations are to have any meaning. What will happen to the teachers, war veterans, social security beneficiaries, policemen, firemen, all the hundreds of thousands of government employees, federal, state, county, and city, if prices are allowed to run wild? Will the federal, state, and city governments advance the wages of these people to meet increased costs of living? Or do they propose to leave them victims of fortuitous circumstances?
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> Again, with appropriations so much is voted for guns, tanks, and aeroplanes. Before they have been produced prices have jumped and to get the same number of tanks and guns and aeroplanes additional appropriations are needed. Many members of Congress, worried over the size of government expenditures, have been urging economies in non-defence expenditures. I say to them that no action could effect greater savings in the cost of government than to prevent inflation. Billions, 20 per cent or more of all appropriations, can be saved. There is no better form of economy than price control.

Along with those miseries and inequities one finds a certain proportion of the population

who develop cunning in taking advantage of inflation. These are the inflation profiteers, they are the class of population that hedge against inflation. If they are successful, that is, if they get in at the right time and get out at the right time and make themselves rich out of inflation, they become hated, and the experience in other countries has been that eventually they are deprived of their gains by movements based upon mass indignation. In other words, the result is a state of affairs which divides the country; it is disruptive; it sets citizen against citizen; it destroys morale and unity. Labour, finding that prices are going up, becomes desperate to get more wages to meet the situation, and the result is a large labour turnover. War production is prejudiced and the war effort is injured.

These are some of the things which we have to think about when considering inflation. I am not as much concerned about the after-war effect of deflation, although it is simply cruelty when that comes, as I am about the effect upon the war effort itself. I do not think any internal development could be more gratifying to the enemy than for this country to tear itself to pieces by inflation. We must believe these things, or we will not accept the somewhat unpalatable medicine of a price ceiling. But believing these things, we will accept a great deal before we will let this condition arise. That is the reason why with great earnestness and emphasis I am placing the possible consequences before the committee. I should like to come back to the Prime Minister's speech. Certain things were pictured very clearly, and this is what he said in one or two paragraphs:

> We have heard much in recent weeks about rising prices. They have affected the budget of every family in Canada. We have heard and seen something of the dangers of inflation. But comparatively few of us, I imagine, understand those dangers fully, and what their effect may be upon our lives and our labours. By inflation we mean a rise in prices and costs brought about by abnormal conditions whereby our money is able to buy less of the things we need. Rising prices unless controlled will make it more costly and therefore more difficult to finance the war. Rising prices, unchecked, will spread confusion and uncertainty in industry and trade. They will hinder production and the proper distribution of supplies. They will make the cost of living rise more rapidly than wages and salaries. The value of savings will be materially lessened. The result would be hardship to nearly every one, and hardship in very unequal measure.

As I say, there has to be price control. All countries have it in varying degrees, but all recognize the necessity of it, and this government would not be worthy of calling itself a government if it just let the situation drift, if it did not take prices in hand. Indeed the only issue that has developed in countries somewhat similar to our own is as between two alternative policies. One is the policy of selective price control, otherwise known as piecemeal price fixing, and the other is the policy of the price ceiling. The leader of the opposition said: "Why don't we do as they do in England and the United States? Why don't we adopt the first method?"

Mr. HANSON (York-Sunbury): I do not think I said that.

Mr. ILSLEY: He did not say it in a way which was identifying himself with that method.

Mr. HANSON (York-Sunbury): I was just feeling my way. I do not know any more about it than the minister—a good deal less.

Mr. ILSLEY: I do not say that the leader of the opposition argued for piecemeal price fixing. He was simply asking the government to give its reasons for taking one method rather than the other—and I am going to give those reasons to-night. But, in the first place, I want to say briefly just exactly what a price ceiling is and what it involves, and what the whole policy is; for it is a pretty comprehensive policy.

I take it for granted that all members are aware in a general way of the price control policy which has been announced by the government and which is to take effect a week from next Monday. I should like to emphasize, however, that this price control measure is part of a comprehensive plan involving three major elements: (1) the placing of a ceiling on the prices of all goods and rents and services, with certain minor exceptions, based upon the maximum prices prevailing during the four-week period from September 15 to October 11; (2) the stabilizing of wages by the extension of the principles of P.C. 7440 to all industries on a mandatory basis; and (3) the supplementing of agricultural income by the payment of new acreage bonuses in western Canada and by a reduction in the cost of feeds to farmers of eastern Canada.

This programme should be thought of as a whole. Price stability was its objective. We were determined to stop the continued increase in prices that was taking place, and this type of control was, we were convinced, the only effective way in which it could be done. However, it was only possible if we secured stability of wage levels and if we could at the same time assure the farmers of a reasonable level of income.

Mr. HANSON (York-Sunbury): May I ask the minister at that point whether the government in considering and enunciating that policy had in mind the unevenness of price levels, especially with respect to foodstuffs?

Mr. ILSLEY: The unevenness is not as great as the hon. gentleman might think.

Mr. HANSON (York-Sunbury): It is quite great.

Mr. ILSLEY: That can all very well be taken into consideration, and I will come to that.

I should like to give briefly the reasons why we thought that a universal price ceiling was preferable to selective price control. First, it could be most quickly applied, and as I have already indicated, the rate of increase in the price level in recent months made it imperative that action be taken quickly.

Second, a general price ceiling is non-discriminatory. Where is the justice of selecting for special treatment fifty or a hundred commodities out of tens of thousands? It has been said that thirty thousand commodities can be found in the mail order catalogues and that the total number of commodities may run as high as between one and two million. I think an estimate has been made of 1,800,000 commodities.

Third, in spite of appearance to the contrary, a general price ceiling involves fewer and less difficult administrative problems. Control of only one part of the economy leaves the forces making for an upward rush of prices to operate solely on the uncontrolled part of the field. Price increases in the uncontrolled commodities would be encouraged in anticipation of and in order to forestall later control. Rises in costs would take place and other disturbances would be set up which would make it necessary constantly to revise the prices fixed in the controlled field and constantly to broaden the controlled area. But this process would never go on rapidly enough to keep up with the inflationary forces that would be at work. Such is the interrelationship of all prices that it would be impossible really to control one group while another group was left uncontrolled.

Fourth, the selective approach would require a thorough investigation of individual industries or commodities and the arbitrary fixing of prices for these individual products, while the ceiling method, subject to minor adjustments from time to time—and of course there will have to be adjustments—accepts the relationship between the prices of various commodities and services determined by supply and demand in the basic period. Under the selective method the onus would be on the members of the board first to make a thorough investigation of individual industries, and then to justify discriminatory action against them if their prices alone were to be fixed. Under the general ceiling method the onus is on the manufacturer or distributor to justify to the board concessions in his favour.

Fifth, the general ceiling on prices is the only method of price control which really makes it possible to justify the stabilization of wages and of many other payments, such as the payment of pensions, dependents' allowances, and so forth.

Sixth, and finally, the fundamental reason is this. The piecemeal method of selective control would not prevent the inflationary spiral from developing. The general ceiling method is really the only one that will accomplish the purpose we had in mind. I think at this stage I will quote again from Mr. Baruch's submission to the congressional committee because he puts it very well indeed. He says:

> While not perfect, and it is less so on account of this delay the overall ceiling plan raises fewer obstacles than any other that has been brought forward. To fix prices in piecemeal fashion one by one is to invite trouble, possibly interruptions in production, for it means you fix the return to some specific manufacturer while his costs are left to rise. It is impossible just to fix a few basic prices and let the others go free. We tried that in the last war and found we were being driven steadily to consider an enormous extension of the pricefixing field.
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> Piecemeal price fixing will not halt inflation. It allows the general price level to run wild, while dealing with a few individual prices. It is like commanding a moving regiment, "Regiment halt: but all soldiers except that fellow—No. 4, that fellow in the first rank—keep marching."
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> As inflation occurs, the prices that are fixed soon become out of date and must be adjusted upward. Irregular rises in prices destroy the relationships between various costs, requiring even greater adjustments.
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> Since the goal of price control is to maintain a stable, balanced relationship between all prices, why not keep a balanced stability when you have it? Why permit the "norm" when the law of supply and demand was working to be disrupted and then scramble wildly to recapture piecemeal what we had in the first place? The question is, shall prices be determined by an administrator working under every conceivable pressure, or whether congress, by placing a ceiling as of a given date, shall keep prices at a level earlier established by supply and demand?
>
> Under the overall ceiling the price level is treated as an organic whole, with only exceptional adjustments here and there. That method stops a runaway and keeps the whole team in line. The piecemeal method submits to the runaway and then tries to keep some of the horses from running faster than the rest. The overall ceiling does not mean that the producers of agricultural commodities or labour would get less. If the cost of all things were kept down, they might get more. Everyone knows that

after the war it will be impossible to maintain excessively high prices without debasing the purchasing power of the dollar. Agricultural prices and probably wages will fall further than other prices—they always do. If prices are allowed to skyrocket now, the post-war disparity between various groups will be far greater than if all prices are kept at a low level now. I have particularly in mind the unhappy plight of the farmer in the years following the last war.

Mr. HANSON (York-Sunbury): What was the date of that submission?

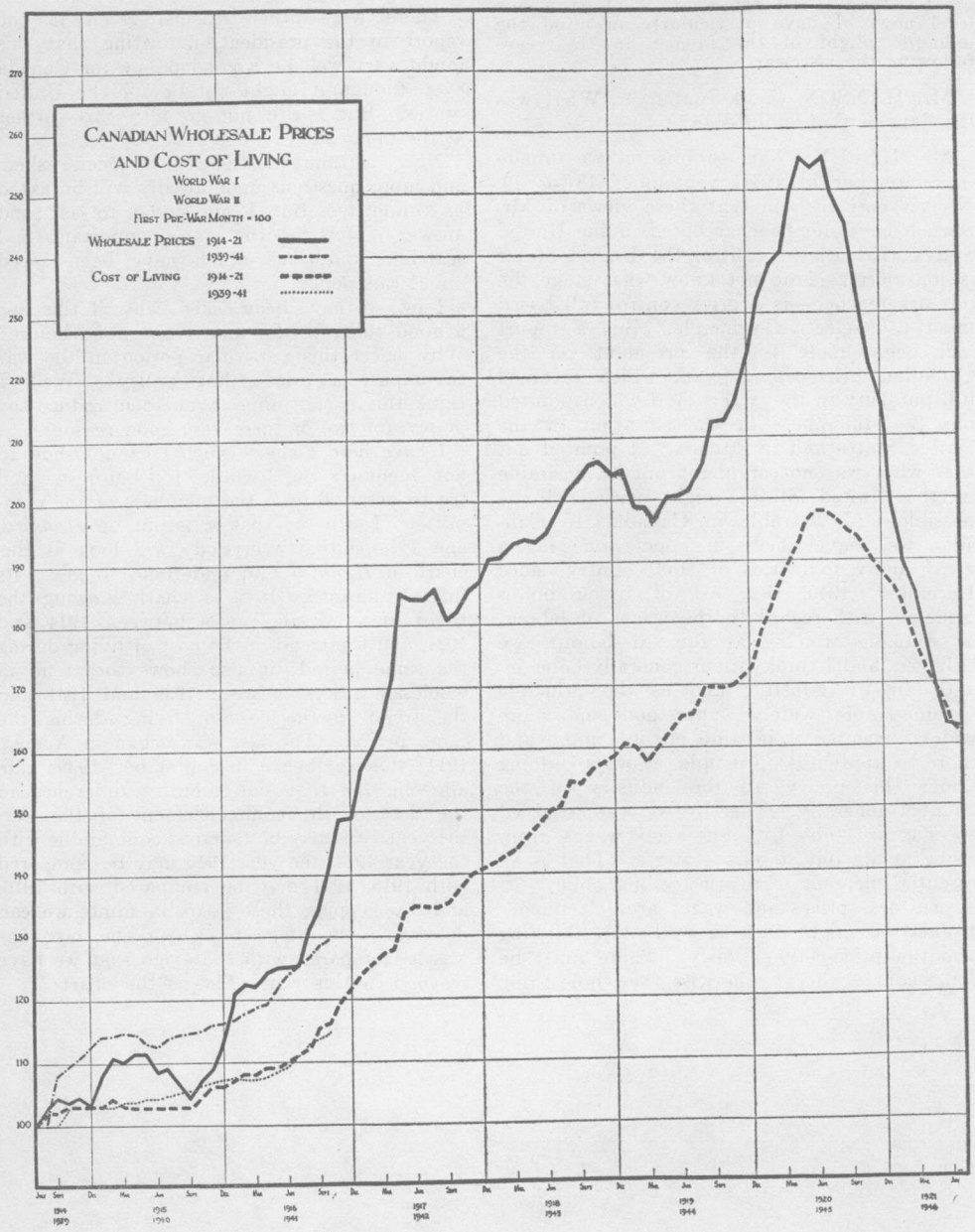
Mr. ILSLEY: This submission was made in September of 1941, September 18 or 19. Now it may be said that these views of Mr. Baruch have not been accepted in the United States, that all the control the United States is considering—I do not know what stage the bill has reached—is a price control bill based upon the selective principle. But a report had been made to the president on the Canadian price-ceiling plan, which received full publicity in the papers, and which pointed out the differences in the situation in the United States and in Canada. It pointed out that what was not or might not be desirable in the United States might very well be possible and desirable in Canada. In Canada we have had in operation in a great many industries of this country, since December, 1940, the cost of living bonus principle with regard to the wages of labour, a principle which was fair to labour, we believed, and I think labour generally believes, and fair to industry; and as the principle became more widely understood and more widely accepted it became possible more and more to apply that principle, as we are doing under this policy, to the industry of the country generally. Thereby we were enabled to stabilize—not fix, not keep wages from rising at all, but stabilize—wages. That is an essential element of a price-ceiling policy. If agricultural prices and wages are left uncontrolled we might just as well stop thinking about a price-ceiling policy. There must be some control there; otherwise the whole thing will just be an abortive attempt. But we had that to work on in the Dominion of Canada, which they did not have in the United States of America, and it is a basis which, as I have said, is fair, in my opinion and in the opinion of the government.

There were other reasons given in the report to the president, indicating that this might very well be a good policy for Canada even though it might not be for the United States. But I will not go into this further at the moment.

Now, certain questions have been asked, and more questions undoubtedly will be asked in committee, but I am going to ask and answer a few of the more important and searching questions which have been asked about this policy.

First, we have been asked, why, if this was a good thing to do, was it not done before? Why select this particular period in the war to impose a price-ceiling policy? Well, I think this is the proper time to introduce the policy, for two or three very good reasons.

I have here a chart which I cannot show to hon. members, but I will keep it before me and try to describe it to the members of the committee; I will see that it is put on *Hansard*, and I hope that everybody will look at this chart in *Hansard* and undertake to grasp its full significance. It is a chart showing the trend of wholesale prices between 1914 and 1921, and the trend of the cost of living during the same period; it also shows the trend in wholesale prices between 1939 and 1941 and the trend in the cost of living during the same period. The last war began in August, 1914; this war began in September, 1939; and, allowing for that one month's difference in the date of the commencement of the war, the year 1939 may be taken as comparable with the year 1914, the year 1940 may be compared with 1915, 1941 may be compared with 1916, and, by keeping these years in mind, we can determine the stage at which the last war was as compared with the stage that we have reached in this war. This is the chart:


CANADIAN WHOLESALE PRICES AND COST OF LIVING
WORLD WAR I
WORLD WAR II
FIRST PRE-WAR MONTH = 100
WHOLESALE PRICES 1914-21
1939-41
COST OF LIVING 1914-21
1939-41
270
260
250
240
230
220
210
200
190
180
170
160
150
140
130
120
110
100
1914
1939
1915
1940
1916
1941
1917
1942
1918
1943
1919
1944
1920
1945
1921
1946

[Mr. Ilsley.]

Now this chart shows that, at this stage in the last war, which would be the fall of 1916, the rise in the wholesale price level was about the same as it is to-day—a little, but not very much higher. I should qualify that by saying that the statement I have just made is true as of July or August of this year. The rise in the price level was about 26 per cent; the wholesale price level stood at about 126, as compared with the beginning of the war, in July or August, 1916. What happened then? If hon. members will look at this chart they will observe that the wholesale price level turned abruptly and made a tremendous rise. It went up very steeply and rapidly until by the summer of 1920 it stood at about 256, or somewhere between 255 and 260, an enormous increase in the wholesale price level. Now this was the stage of the last war at which that started—right now, or a little earlier than now.

Mr. HANSON (York-Sunbury): The minister suggests that this is the psychological moment?

Mr. ILSLEY: Undoubtedly this is the psychological moment. The same is true of the cost of living. The cost of living lags a little behind the rise in the wholesale price level. It has now risen 14·6 per cent over August, 1939. It was something like that at this stage of the last war—15 or 16 per cent—and immediately after that in the last war it took a sharp slant upwards and in the summer of 1920 reached about 198. In the summer of 1920 both levels broke, the wholesale price level and the cost of living level. They simply dropped down to the earth and ruined hundreds of thousands of people. That laid the basis for all kinds of trouble in the future, and the occurrence of that event in this and other countries was undoubtedly the cause of momentous changes for the worse.

Mr. HANSON (York-Sunbury): The same thing happened in 1929, did it not, though not perhaps to the same extent?

Mr. ILSLEY: There was no such rise as that.

Mr. HANSON (York-Sunbury): Not to the same extent, but there was certainly a drop.

Mr. ILSLEY: I would point out that, so far as I can see, the same forces that operated at that time are at work to-day, only in greater degree, because in that war we spent only 10 per cent of the national income, devoting one hour in ten to the production of war materials and supplies. Now we are getting to the point of nearly 40 per cent of the national income being devoted to production of war supplies, and there is no question at all that unless we take hold of the situation at this moment and deal with it vigorously we are going to be confronted by a rapid and long price rise such as took place between 1916 and 1920. In fact, it may be very much worse for the reasons I have stated, because the forces now are much more powerful. In my opinion we would have now a much higher increase than we had at this stage in the last war if it were not for the severity of our taxation policy, which undoubtedly has restrained prices, and our selective price controls, which have existed over quite a broad field. The forces at work to-day are more powerful as a result of the greatly increased amounts we are spending and the greatly increased proportion of the national income we are devoting to war purposes. For these reasons the forces to which I refer are more powerful in this war than they were in the last. That is the reason why in my opinion this is the proper time.

The second reason is that we could never have imposed a price ceiling until we had given agricultural prices a chance to rise. Agricultural prices were very low before the war; I do not dispute that for a moment. But on the basis of percentages there has been a tremendous increase in everything except wheat. I am going to give some percentages, and I want it clearly understood that I am not expressing approval of the level of agricultural prices in August, 1939. Here are the figures between August, 1939, and September, 1941, giving the prices of the commodities stated: Oats, 80 per cent; barley, 66 per cent; butter 57 per cent; eggs, 33 per cent; cheese, 51 per cent, including bonuses; cattle, 58 per cent; hogs, 40 per cent; whole milk, 14 per cent.

On the whole, with the exception of wheat and certain less important products, the former disparity between prices of farm products and other prices has been very largely corrected. Broadly speaking, retail food prices now bear about their normal relation to other retail prices. The importance of this recovery of food prices to the cost of living is shown by the fact that of the increase of 12·8 in the cost of living index between August, 1939, and 1941, over 53 per cent is due to increases in the prices of food. With regard to wheat, there has been very little increase, but it must be borne in mind that the price established in August, 1939, was a government-established price, not a market-established price. That price has increased 8 per cent and is still a government-established price, but the open market price of wheat being very low in August, 1939, has increased by a much larger percentage— something like 40 per cent. There is no point in saying that; it has no significance whatever in the matter, but I am point-

ing out that there was a government-established price both times, and therefore the increase in the cost of wheat has been slight on a percentage basis. We must, however, realize that wheat producers now receive a number of other payments in addition to the price paid for wheat, and these other payments are intended to raise their income to a reasonable level without adding to the wheat surplus, as a higher rate would do. That is the second reason for waiting until now to impose a ceiling.

The third reason is one to which I have already referred, namely, that the principle of P.C. 7440, that is, the cost of living bonus, a principle which is an essential feature of this policy and which would have to be an essential feature of any policy before we could ask labour to forego increases, has become fairly widely understood and fairly widely accepted.

Mr. NICHOLSON: Before the minister leaves that point, will he tell us what his authority is for the statistics to which he refers? Are those from the bureau of statistics, showing increases in farm prices?

Mr. ILSLEY: I shall have to get the exact authority for them; I cannot answer the question offhand. These statistics are most carefully checked by my officials before they are given to me and I cannot say what their source is. I will, however, get that information for the hon. member. I am willing to wager that there is no mistake about them; if there were, it would be the first time. Perhaps it might not be inappropriate if I quoted, with regard to the policy and its relation to labour, what a member of the British parliament, Mr. George Isaacs, Labour member of parliament for Southwark, London, had to say. He is the president of the printers and operators union of Great Britain, and he was in Canada on October 30, when he gave an interview, in which he is reported as follows:

> Mr. Isaacs called the price and wage fixing "a courageous piece of legislation, which I would like to see enacted in Great Britain." What complaints could labour have, he asked, when prices as well as wages had been fixed? If the cost of living does go up, provision is made for a corresponding wage increase, he pointed out. "I know for a fact," he declared, "that our people would willingly accept that legislation. To-day in Britain we have ceilings on rationed goods only. This has resulted in a thirty per cent increase in the cost of living while wages have only gone up fifteen per cent."

Another question that has been asked is whether the staff required to administer this policy will not be out of all reason, it will be so large. I do not know what staff will be required. The war-time prices and trade board has been working day and night getting the organization together and is making very good progress in having it in readiness for dealing with applications for adjustments, enforcement and so forth. But having in mind certain estimates of 10,000 employees and so on, I think I should say that the requirements have been considerably overestimated, at least for the initial stages.

Then a question has been asked, what about imports? If the cost of imports goes up and the imported articles are used in the production and manufacture of goods in this country, how can we keep a ceiling over the price of the finished product? That is a matter which has been considered; in fact, all the questions I have been asked are questions which I have considered. There is not a detailed answer to these questions, but the general principles have all been considered. I do not know exactly what will be done in the case of imports, but it may well be that many of the imports will have to be handled by import boards, who may buy them at the prices they are obliged to pay abroad and sell them to manufacturers or producers in this country at a loss, which in effect would be a case of keeping the cost of goods down by bonuses or subsidies. That is and has been for a considerable length of time the procedure followed very largely in the United Kingdom; probably the leader of the opposition was told or knows about that system.

What about exports? If the price goes up abroad, are we to let all our goods go out of the country? If so, what about our own requirements? There again it may be necessary, although I do not say it will be done, to establish export boards which will have some control over exports.

Mr. HANSON (York-Sunbury): Does the minister say the import question has been settled, or is being considered?

Mr. ILSLEY: It is being considered.

Mr. HANSON (York-Sunbury): There is, of course, another method.

Mr. ILSLEY: Well, perhaps we had better not get into that. What about increased cost? We have a great many applications now by those who submit that their costs have increased and that they have not adjusted their selling prices, and they want an adjustment. All I can say on this point is that an attempt will be made to meet and obviate real injustices. But I would say that we should not allow a puncturing of the price ceiling unless real attempts are made to reduce costs, which can, I think, be done in a great many cases.

Then, why was the ceiling imposed by order in council instead of being submitted to parliament? That question was asked here by those speaking on behalf of the Conservative party and the Cooperative Commonwealth Federation party. The answer is that we could not afford to wait; we could not run the risk of waiting. There were three dates or periods which had to be fixed with complete definiteness: the first was the base period, that is the period represented by the time between September 15 and October 11; the second, the date of the announcement; and the third, the effective date. During the period between the announcement and the effective date, which is November 17, the setting up of an organization would be necessary and, in fact, the setting up of an organization is necessary. Once you start to set up an organization, secrecy becomes absolutely impossible; everyone in the country knows what you are doing or trying to do. But if we had not fixed these dates definitely they would not have known what the base period was; they probably would have thought that when we got ready to freeze the price level, when parliament fixed it, if it were fixed by parliament, they would fix it as of the date the act passed, or something like that, and there undoubtedly would have been an upward adjustment of prices from the Atlantic to the Pacific. Everywhere people would have been putting their prices up, and the effect would not have been anti-inflationary but inflationary—and in a big way.

In parliament itself there would have been some delay—I do not say there would have been unreasonable delay—and the possibility of a long debate in parliament would have meant that the effective date could not have been fixed in advance. It is very important that there be not too long a time between the announcement and the effective date.

In short, it is one of those things that simply had to be done by order in council if it were to be done effectively. There is nothing unconstitutional or illegal about doing anything like this by order in council. The committee should not forget that the War Measures Act was passed by this parliament giving the executive authority to do what it was necessary to do to carry on the war, and this in our opinion was one of those things. It merely carried out a price policy that had been established during the last year or two; it was a very long step in advance of a selective price policy, but the powers to be exercised by the war-time prices and trade board were powers they already had.

With the Germans at the gateway of the Caucasus the situation was too serious to run the risk of delayed action or ineffective action when prompt and effective action could legally and constitutionally be taken.

Mr. HOMUTH: Would the minister elaborate a little on the rent situation with regard to the setting of the ceiling?

Mr. ILSLEY: I prefer not to at the moment.

Mr. HOMUTH: Many people would like to know about that.

Mr. ILSLEY: The suggestion has been made that we were bad psychologists or bad politicians, or something of that kind. I think from two or three sources it was said that the psychology of the thing was bad, that we should have gone further than we did, and from the psychological point of view, if for no other reason, it should also have applied to salaried people and executives. I did not intend to make this announcement at this time, but I should like the committee to know that for the last two or three weeks we have been working at an order to place a ceiling over all managerial and executive salaries, directors' fees, et cetera, and that ceiling, I may say, will not provide for any cost of living bonus. It will be readily apparent that there are difficulties in working out the details of such an order, but I hope to have these resolved and to be able to announce the programme in a very few days.

There are a great many people in Canada who would like to know what they can do to help make this a success. I think that should be the attitude of every member of this committee and of everyone in the country; it is the attitude of thousands and thousands of people. I cannot put my suggestions in any more concise form than I did in a speech which I made some time ago when I was asking business men for their assistance in making government control measures operative and effective. Therefore, while I dislike to quote what I said before, as I cannot put it any better, I am going to do so. I said:

> First of all, I would ask you to shun a defeatist attitude towards rising prices. Inflation is not inevitable. It can and will be prevented. It will be prevented much more easily if we all join in the effort and reject the view that resistance is useless.
>
> Secondly, we need your active support in our savings campaigns. A rising volume of savings will not only provide the government with the funds needed for war purposes but it will relieve the persistent upward pressure of expenditure on prices. This is its important economic purpose.
>
> In normal times—in peace-time—we do not try to discourage expenditure. We encourage it, to obtain employment and, if possible, prosperity. But these are anything but normal times. Now we must limit expenditure. The

more we can limit it by encouraging voluntary saving, the better it will be for all concerned, including business. For example, if a business finds itself with its prices fixed and its costs being forced up by excessive expenditures in other fields, it will be vitally interested in reduction of these expenditures. You need have no fear now that under present conditions there will be too little spending. What we need to do is to reduce the pressure of excessive spending. Therefore we are asking the public to spend less and save more. We need your support. We want your support in facilitating the organization and extension of savings plans in your own businesses.

Do not be misled by the spurious argument that more expenditure is needed to swell government revenues. The harm done by the extra expenditure is far greater than the good done by the extra taxes. We need the whole dollar diverted to us, not the fraction of it which would eventually come into our hands as taxes, if it is spent. The diversion of the dollar to us is needed to make available for the war the labour and materials which the expenditure of the dollar otherwise would merely use up in civilian satisfaction.

Thirdly, we shall need your cooperation, your active cooperation, in keeping your costs of production down. Price stability can only be achieved if costs can be held in check. In the last analysis they must be held in check by those who are running the businesses concerned. Waste of labour or materials must be eliminated—the nation cannot afford it in war-time. Luxury, extravagance or just plain carelessness in business expenditures cannot be tolerated. The government and the price controlling authorities cannot permit business to enjoy at this time the luxury of a situation in which increases in costs may be automatically passed on to the consumer.

If some costs increase I hope business will find others that can be reduced—perhaps overhead, when output is large, perhaps selling costs, now that there is an almost universal sellers' market, perhaps most of all the unnecessary costs due to an excessive number of patterns, types and varieties of products.

And, fourthly, we need your help in carrying out all our direct controls not only of prices but of production, and the use of materials as well. It is the managers of business who know how materials can be saved by substitutes, by standardization and by repairs. Your assistance is necessary in working out controls in such a way that they will do the most good, and the least harm. Your cooperation is needed in putting them into effect, with a minimum of dislocation. These controls are not going to be easy or pleasant for any of us. But they are necessary, if we are going to exert the greatest effort of which we are capable in the war, and therefore I am confident that you will all support them.

I was talking to business men on that occasion, but I should like to address the same appeal to farmers, to wage-earners and consumers—indeed, to all the people. This situation is too serious to have a nation resisting or divided, or taking any steps which will render ineffective any important, carefully considered, well-reasoned government policies. I make the appeal to the people of this country to help us make our price-ceiling policy a success.

Mr. CHURCH: Price fixing is going to land business in an awful mess in this country, before you get through with it.

Hon. N. A. McLARTY (Minister of Labour): Mr. Chairman, before I begin my formal statement, a statement which I am afraid the committee will find much too formal, may I extend to my colleague who has just taken his seat (Mr. Ilsley) congratulations upon the magnificent address he has given. Perhaps I am somewhat selfish in offering my congratulations, because his remarks have made my task much easier, and will enable me considerably to shorten my remarks.

He has dealt with the question of the inflationary spiral and the question of managerial and executive salaries. He has dealt with many questions with which I now find it unnecessary to deal.

I should, however, like to make one further preliminary observation. A few minutes before entering the chamber to-night I had an opportunity of listening to a re-broadcast of the address by the President of the United States before the International Labour Organization. During the last week, while it met in New York, I had the privilege of attending the meetings. Incidentally may I state that in my opinion it is a matter of gratification to the committee that we have afforded a haven of refuge for that office, when it decided to move from Geneva.

There were represented at the meeting thirty-three different nations. The remarkable fact was that some of those nations had been overrun; some of them had felt the force of Hitler's heel. The impression I got, sir, was that labour is doing a great deal to keep the lamp of liberty burning in this world.

Certain questions have been asked and references made respecting individual problems with which, as Minister of Labour, I have had to deal. The leader of the opposition (Mr. Hanson) referred to one, the hon. member for Waterloo South (Mr. Homuth) to another, and the hon. member for Vancouver East (Mr. MacInnis) to another. I thought perhaps in view of the understanding that there will be opportunity to consider individual questions later on, I would reserve my explanations on those points until that time.

With these preliminary remarks I crave the liberty to make copious references—I believe that is the phrase—to my notes. Might I at the outset of my remarks state that I welcome the opportunity of placing before this com-

mittee a statement of the activities and policies of the Department of Labour. I was invited to do so the day before yesterday by the leader of the opposition, and the remarks of the hon. member for Vancouver East would, of course, make it imperative that I do so.

The difference in the viewpoints of the leader of the opposition and the hon. member for Vancouver East are rather marked. Those differences are shared by many in Canada. For example, if I was correct in my inference from the remarks of the leader of the opposition, as a result of his recent visit to England he suggested that in labour disputes we should adopt a policy of compulsory arbitration. On the other hand, the hon. member for Vancouver East suggested, and suggested vigorously, a policy of compulsory recognition.

Both are agreed on one point, namely, that relations between employers and employees should be regulated in a compulsory manner. While it may be true that compulsion may be the most expeditious method of settling a labour dispute, it is not, I suggest, the true corrective method or the one that in the final analysis will prove effective in producing stability in the relationship between labour and industry.

The hon. member for Vancouver East suggested that labour should be a partner with industry. With that proposition I entirely agree. If fulfilment of that idea of partnership should come—and it will—it would render very much easier the task of any minister of labour.

But a partnership is a matter of mutual agreement. To be successful it must be the result of a desire of both parties each to co-operate with the other. Coercion is not the appropriate method of establishing it.

I mention this because recently I have been criticized for not stopping some strikes in industry by what are termed drastic measures. For example, in the slow-down strike in Cape Breton there were requests made that we "throw in the troops" and that we "intern the men". On the other hand there were demands that we take over the mines. We did neither.

I am convinced to-day that to have taken either course would have been unfortunate. I say that with somewhat more confidence by reason of the fact that the coal mines in Nova Scotia are to-day producing more coal than ever before in the history of that province.

That the policy of this government has been to some extent vindicated is evidenced by the fact that there is not a single strike in any war industry in Canada to-day. But I should like to give credit where credit is due, and I should like to-day to pay a tribute to those labour leaders in Canada who by their sincere efforts to promote industrial peace at this time have made that result possible.

An impression has been created in the public mind that in this country strikes have been rampant and that labour has not been doing its very utmost to assist in the war. This is possibly due to the fact that when 3,100,000 men and women go to work each day it is not news, but if thirty do not go to work, it is news. A great deal has been said, and properly said, about the loyal devotion to duty of workers in other lands. But what about the workers in Canada? I do not in any way wish to belittle the efforts of the workers in other countries, but in fairness to the workers of Canada I feel it is only just that I present certain figures to this committee which will, I believe, indicate that they have not been weakening or slackening in their work.

For the first six months of the present year the man-days lost due to strikes or lockouts for each 1,000 wage-earners were as follows:

In Great Britain	41
In Canada	54
In the United States	381

I have not the figures for Australia for the six months' period, but have for the first three months' period, and in that period their time loss due to strikes or lockouts was ten times greater than in Canada.

Before I proceed to a consideration of the various orders in council pased on the recommendation of the Minister of Labour, may I deal with one other matter. The suggestion was made by the member for Vancouver East that this government is opposed to the aims and aspirations of organized labour. I cannot state too emphatically that this is not correct. It would be difficult for me to imagine and, what is more important, it would be difficult for organized labour to imagine that any government headed by the present Prime Minister of Canada would desire to subtract from those rights which labour has gained over the last century.

We have asked labour to surrender some of its rights, but the Prime Minister has given an assurance that those rights will, after this war is won, be reestablished and reestablished in a generous manner. If any more effective assurance is required or desired I am prepared to recommend to my colleagues in the government that such further assurance should be given, and I know that favourable action would be taken on that recommendation.

With this point in view, while it is one thing to declare a policy and another to translate it into action, in June of last year, with the full approval of representative organizations of labour and industry, the government issued an order in council, P.C. 2685, which does express the fundamental principles of our war-time labour policy. It declared that good industrial relations are especially important in war time; that no element in the community can be permitted to benefit from war-time necessities; that the needs of the community at large must be regarded as paramount; and that the aspirations of workers to the right of association and to enter into collective agreements will, under wise direction, make for the removal of prejudice and for fuller cooperation between employers and employed.

The principles set forth in the body of this order in council are, in summary form, as follows:

(1) Every effort should be made to speed production by war industries; (2) Fair and reasonable standards of wages and working conditions should be recognized and any temporary adjustments in remuneration due to war conditions might well be in the form of bonus payments; (3) Hours of work should not be unduly extended but rather increased output should be secured by the adoption of additional shifts; (4) The established safeguards for the protection of the health and safety of the workers should not be relaxed; (5) There should be no interruption of work on account of strikes or lockouts. Differences not otherwise disposed of should be settled under the procedure of the Industrial Disputes Investigation Act; (6) Employees should be free to organize in trade unions free from any control by employers or their agents. The existing provisions against illegal refusal to employ or to dismiss from employment because of trade union membership and against intimidation to prevent a workman from belonging to a union were reaffirmed; (7) Employees should be free to negotiate with employers through representatives of their own choosing with a view to the conclusion of a collective agreement; (8) Every such agreement should provide machinery for the settlement of disputes and should be scrupulously observed; (9) Workers should neither coerce nor intimidate any person to join their organization; (10) Any necessary suspension of established labour conditions in order to speed up war production should be effected by mutual agreement and should apply only during the emergency.

I have taken the time to read these because the order is an appeal, not a command, and it is still necessary to publicize these principles and to work for their more general and willing acceptance. Specifically, there are still many employers who are not yet genuinely willing to negotiate and sign collective agreements with trade unions.

Might I suggest that we can defeat totalitarianism at home and abroad only if we really put our trust in the democratic process, not only in our political life but in our industrial life. I believe that trade unionism is the essence of industrial democracy and that it must be woven ever more firmly into the fabric of industrial relations. On the other hand it is necessary to warn some unions that the fact that the government has declared the principle of freedom to organize does not mean that the government will conduct organizing campaigns for them, or approves any inclination to exploit the necessities of the war situation to high-pressure workers into unions which without such high pressure methods they would not be willing to join.

I have already made it clear that order in council, P.C. 2685, of June 19, 1940, setting out these principles, the general acceptance of which by industry and by labour would contribute to the success of the war effort, was not made compulsorily binding on either employers or workers. In some quarters the government has been subjected to criticism that this order was not made compulsory; in other words, the employers are not forced to enter into union agreements. The government, however, has been and still is reluctant, for reasons I have already mentioned, to introduce compulsory features into the field of industrial relations, and I am quite sure that any criticism of governmental policy in this respect is not receiving support from the more thoughtful elements in the labour movement. None of us can see very far ahead these days and it is impossible to determine at this stage what compulsions may yet have to be resorted to, but certainly in respect of industrial relations the public policy set out in P.C. 2685 has been fully justified in the very general avoidance of industrial disputes at the present time.

Another order in council affects more particularly those who, after enlisting, are discharged or demobilized. This order provides that the fullest measure of protection will be given to those who left their employment or service to enlist in the armed forces. It is known as the civil employment reinstatement order.

This order makes it mandatory for any employer, by whom a person accepted for service in his majesty's forces was employed when accepted, to reinstate him in employment at the termination of that service in such occupation or position as the order provides. It is the expressed intention of this order to ensure that this will be done under conditions no less favourable to the enlisted employee than those which would have been available to him had he not so enlisted. In the last war there were a great number of complaints from men discharged from his majesty's forces serving in Canada or overseas who were refused the

[Mr. McLarty.]

positions they formerly held. In as far as the government can properly prevent such complaints, they will not ensue either during or following the present war.

The splendid men who enlist in the armed forces will, subject to what I have just said, have no justification for saying that while they were in uniforms or fighting abroad, others who might have been fighting there have taken their positions.

This order is one that will require legislation to make it effective after the war, and it is the intention of the government to introduce as soon as possible in the ensuing session of parliament the necessary legislation for enactment by parliament.

This order and the legislation which will ensue contain a penal clause and make any employer who fails to comply with the provisions of the order or the regulations made thereunder guilty of an offence and liable on summary conviction to substantial penalties.

May I here state that it has been suggested that the government has passed orders which require penalties from employees but that orders enjoining employers have been exempted from any penalties. I will be glad to give illustrations that will prove the inaccuracy of this suggestion.

The government has also taken steps to assure employees of firms engaged in war work minimum compensation for their labour. As members are aware, the fair wages act was passed in 1935 setting forth what wages should be paid and the hours of labour which should be worked. It was felt that the minimum compensation paid employees in war establishments should be increased and on the 4th of October last a new order was adopted making it part of the law of Canada for a contractor or a sub-contractor to pay male employees not less than thirty-five cents an hour.

By another order the Minister of Labour is empowered when he finds that a contractor or subcontractor is employing any person at less than the fixed minimum rate prescribed, to withhold payment of any amount due to such contractor. A cheque for the amount of the underpayment must be delivered to the deputy minister of labour to be held as trustee for the settlement of such a claim.

This order further provides that such contractor or subcontractor must likewise keep a true and correct record of the wages paid and the hours worked by each of his employees.

In this order provision has also been made that any contractor or subcontractor who fails to comply with the regulations contained is guilty of an offence and liable on summary conviction for penalties ranging from $200 to $1,000. It will thus be seen that precautions have been taken to give to workers employed in establishments engaged in war work that protection to which they are entitled.

Another order that has been passed provides for the course to be followed before any strike may be declared legally, following procedure under the Industrial Disputes Investigation Act. Under the provisions of this statute it was required that authority to declare a strike must be obtained before any board could be applied for. When, however, the government set up the inquiry commission, to which I will refer, the requirement as to a strike vote was not insisted upon in all cases in so far as reference was provided to the inquiry commission.

But I believe that no member of this house would suggest that it is not fair and not democratic that before any man goes on strike he has the right of self-determination and the right to say whether such a strike shall take place or not. It is because of that belief that this order in council has been passed.

It sometimes happens that workers are influenced or stampeded into taking action which on second thought they may regret. It is entirely in conformity with democratic procedure that the wish of the majority should govern. Under the provisions of this order, before any strike may take place following the report of a board established under the Industrial Disputes Investigation Act, the Minister of Labour must be notified that it is the desire of the workers that such strike take place; and in that event he may order that the vote be taken under the supervision of the officers of the Department of Labour.

All persons affected by the dispute are entitled to vote and the vote must take place without delay—in fact the order specifically provides that it must be taken within five days.

When the order was first passed it was subject to some criticism. It was criticized on the one hand by reason of the fact that it was too inadequate and was ineffective. It was criticized on the other hand because it interfered with the right to strike.

The fact is, however, that neither criticism was justified nor correct. It is a most democratic order and gives to every man and woman the right to say whether he or she wishes to participate in any strike and to forgo his or her wages during the time that any strike might be in progress.

I believe it is fair to state that the Department of Labour has in every way sought: first, to protect every worker by establishing fair wage standards and to prevent industrial strife; second, to protect the lower paid workers against attempts of unscrupulous employers to deny them the minimum compensation to which they are entitled; third,

to adjust any labour disputes as rapidly as possible; and fourth, to give workers in war plants throughout the country an opportunity to register their views, for or against a strike, after the findings of a conciliation board have been submitted.

I should like to draw to the attention of the committee the creation of an entirely new body in Canada which has materially aided in the prompt investigation and adjustment of disputes which might have otherwise resulted in stoppages of work involving many thousands of men. Because of the application of the Industrial Disputes Investigation Act to all war industries, the number of applications for conciliation boards necessarily greatly increased. Each application had to be examined before a decision on its appointment was reached and the board itself was established.

But even after a board was applied for, the conciliation services of the Department of Labour were continued. Both dealing with the application, and the work of the conciliation board, took time. The result was that complaints were made by labour organizations of delay between the time of the application for the board and its establishment. This caused some measure of discontent on the part of workers and the feeling that the delay in setting up such boards was unnecessary.

It was felt that some action should be taken more promptly and effectively to deal with disputes in order that decisions might be more quickly obtained to determine whether the circumstances recited in the application warranted, by the nature of the dispute, the setting up of a board. The government in consequence created the industrial disputes inquiry commission.

The personnel of this commission is, I believe, one that will commend itself to this house. Mr. Humphrey Mitchell, a former member of the house, a gentleman who has been associated with the Department of Labour for several years and who has an intimate knowledge of labour problems, was appointed chairman. Associated with him are Mr. Gilbert Jackson and Mr. George Hodge. The former is an economist of international repute, and the latter has been in charge of industrial relation matters for the Canadian Pacific Railway company for many years.

This commission immediately assumed its duties, and its efforts in the prevention of disputes and in the adjustment of difficulties has more than met the expectations of the government.

Fifty-two disputes in all have been referred to the industrial disputes inquiry commission for attention since the appointment of this body in the beginning of July. In twenty-two cases settlements were arranged by the commission, resulting in a withdrawal of the applications which had previously been made for the establishment of boards of conciliation and investigation. In eight other cases inquiries made by the commission resulted in the establishment of boards of conciliation and investigation. In thirteen instances the inquiry commission found that the circumstances did not warrant the appointment of boards.

There were, in addition, two special references by the minister to the commission, three instances in which the references are still outstanding, and other cases in which the facts were brought to the attention of the Minister of Labour.

The creation of this commission has meant a tremendous saving in what would otherwise have meant lost man-hours, ill-will and discontent. This, it is fully realized, is inevitable where disputes either in being or threatening are not quickly adjusted.

Might I point out that the Department of Labour is doing everything possible to provide facilities whereby training opportunities are provided for those who wish to obtain a knowledge of the trades and crafts that will permit the production of a still greater quantity of the munitions of war.

This committee has heard something of the war emergency training programme in which the Department of Labour is engaged. We are now moving ahead of any programme and, for example, in our vocational classes are training more than 50,000 men a year.

But we are moving much further than that. The war-time bureau of technical personnel was set up under the capable chairmanship of Mr. E. M. Little. He is entitled to appreciation for what he has already accomplished. The aid which this bureau has given and will give will be substantial.

As an example, might I state that in the case of the newsprint industry, the utilities industry, the mines and in the field of chemical engineering a great many are now being trained for the express purpose of taking their place in war industry or enabling those who are already trained in those particular industries to take their place in industries engaged in war work.

This committee will, I know, not forget that Canada was forced on very short notice to embark upon a huge programme of construction and production of war equipment and supplies. This required the setting up of additional machinery and meeting not only pressing present exigencies but emergencies. These have been met as effectively and promptly, I believe, as circumstances permitted.

I believe it is a matter of congratulation that notwithstanding a situation without parallel in our history, with the good-will of labour and industry, we have been able to adapt ourselves to the new situation.

The policy of the government and of the Department of Labour in all that relates to production will continue to be that of doing everything possible to maintain harmonious relations between employees and employers.

Recently the government passed an order stabilizing wages. I trust, Mr. Chairman, that in the references I make I shall not be guilty of too much repetition of what has been more ably said than I can say it, by the Minister of Finance. I do, however, have to deal with that phase of the general policy which he has explained, dealing with the matter of wages. As I have said, recently the government passed an order stabilizing wages. That order is part of a wider programme decided upon by the government in an attempt to prevent a vicious inflationary spiral recurring in Canada.

Taxation on profits and on dividends had already been provided. The control of prices is now provided for. This stabilization of wages is not entirely new. For on December 16, 1940, the government passed an order in council which has been widely applied in war industries.

The choice faced by the government at the time it was passed was to let wage rates take their unplanned upward course stimulating that spiral of inflation, or to introduce a measure of equitable control. The government selected the second alternative of trying to minimize changes in wage rates and, to some extent therefore, of prices and the cost of living. It ordered that in the essential war industries there should be no increase in basic wage rates except where wages were found to be too low. The expression "freezing" has been used. This order is not a freezing order; it is a stabilizing order; because, if wages are too low, the board will have power to increase them.

Mr. MacINNIS: Is it compulsory?

Mr. McLARTY: On the board?

Mr. MacINNIS: Well, on those to whom it applies?

Mr. McLARTY: Oh, the order is mandatory, yes. But the point I was making was this, that wages can be increased if they are too low. The word "freeze" suggests an inflexibility that covers all.

Mr. MacINNIS: I thought from the minister's earlier remarks that he was opposed to compulsion.

Mr. McLARTY: Well, it is mandatory on both sides. I mean, it is not just on one side. As I have said, the government selected the second alternative of trying to minimize changes in wage rates and, to some extent therefore, of prices and the cost of living. It ordered that in the essential war industries there should be no increase in basic wage rates and suggested that adjustments to increases in the cost of living should take the form of a separate cost of living bonus in a flat amount for all classes of workers.

To the extent that the maintenance of current wage rates does prevent an increase in prices and in the cost of living, wage-earners and all classes in the community, including the government in its capacity of the country's biggest buyer, will all clearly benefit. The heart of the policy is not to restore some previously high level of wages, but to prevent what might otherwise be a series of "runaway" increases from present levels. The purpose is not to "protect" any one class of citizens, but to ensure the conduct of our war effort by imposing the necessary sacrifices on all classes in an orderly manner.

Since some increase in the cost of living, however, was almost certain to result from the transfer of so large a proportion of our resources to the production of war materials and supplies, it seemed necessary and proper to assure, not that labour should be completely protected from price increases or from sharing reasonably in whatever sacrifices the war may require, but that the basic standard of living of the workers should be protected. For that reason the order in council generally known as 7440 provided, not that wage rates should be "geared to living costs" but that, by a flat cost of living bonus, uniform for all workers, any impairment of the basic standard of living and of productive efficiency should be prevented.

It is to be noted that the flat bonus, regardless of the worker's wage rate, will extend a very much greater measure of protection to the low-paid than to the high-paid worker and gears to the cost of living only the wages of those workers at or near a minimum level of subsistence and that part of the wages of other workers which is spent for basic necessities.

Our present wage policy was based upon the outstanding lesson learned as a result of our experience during the last war. In that period all belligerents financed their war effort in varying degrees by inflation. In all of them, despite all efforts at war-time controls, prices and the cost of living increased more rapidly than wage rates. On the one hand this led

to perhaps unintended but automatic profiteering; on the other hand, to arbitrary and capricious reductions in the wage-earners' standard of living. A few favourably situated wage-earners were able, it is true, to enforce wage increases more rapidly than the cost of living rose, but for the majority of the workers the reduction in their standard of living was very substantial.

It is a fact, so well known to this committee, that real wages never keep pace with nominal wages that I need scarcely repeat it. Money, after all, is only a convenient medium of exchange. May I illustrate this by the experience of the last war. The Minister of Finance has already given certain figures in connection with it. Those figures relate particularly to wage rates and the cost of living. By 1917 the cost of living had risen 39 per cent, wages only 26 per cent. By 1918 the cost of living had risen 59 per cent, but wages only 47 per cent. Wage rates never overtook the cost of living during the whole period of rising prices.

This economic fact was a continual source not only of industrial friction, but, for certain groups, also of genuine suffering during the war period and made the necessary post-war readjustments proportionately more difficult.

That order in council which has become somewhat widely known as 7440 was directed to and formed the basis of awards of boards of conciliation appointed under the Industrial Disputes Investigation Act.

In the recent order respecting wages the essential principles remain the same, but changes have been made in its application and in its administration. These changes may be summarized as follows:

(1) The previous order was directed to conciliation boards appointed under the Industrial Disputes Investigation Act. As such it was necessarily limited to boards to which that act applied or to which its application was extended, at the request of labour on November 7, 1939, and which included all war industries in Canada. The present order extends to all industries, subject to certain limitations.

In the construction industry it applies where ten or more are employed. In other industries it applies where fifty or more are employed. The reason for the distinction is that in the construction industry a contractor while employing a large number might have few on one job. These minimum figures are fixed largely for administrative purposes and the administrative machinery is provided which will advise the government on such changes in these minimum numbers as may appear desirable.

[Mr. McLarty.]

(2) It makes the payment of the cost of living bonus mandatory, subject only to the power of the national war labour board to determine that the employer is clearly unable to pay.

(3) It provides for an accounting period as to the proper amount of the bonus each three months.

(4) It provides for the creation of a national war labour board and of five regional boards which will be charged with the responsibility of administering the order and of ascertaining that its provisions are fairly and properly carried out.

In addition the national board has power to recommend to the government such matters as it may deem necessary, subject to the principles enunciated in the order in council, to which I have previously referred, passed on the 19th of June, 1940, and generally described as P.C. 2685.

I have outlined the general principles of the order. If I were to go into more detail I could do so only by reading the order itself to this committee. I fully appreciate the fact that a more detailed discussion will ensue upon it.

The only criticism that has been voiced is the measure of consultation with those affected before the order was passed. Well, the order invades the provincial field. We invited the provincial ministers of labour to a conference that was held on October 14. We asked them if they had objections to the passing of the order—because it did invade their field. When it was realized that the dominion government believed this measure was essential in our conduct of the war, no serious objection was raised by any province represented.

The Prime Minister and I met leading representatives of labour. Details of the order were not discussed; but I believe it fair to say they felt that the general principles of the order in council stabilizing wages should not properly be confined to war industries alone, but in the application should cover all industries. The order was submitted to the national labour supply council. That council made suggestions of a number of amendments, many of which were adopted.

I wish to be fair to this committee. I would not wish to convey the suggestion that because it was discussed with the various ministers of labour, with the leaders of labour organizations and with the national labour supply council, it was either approved or disapproved by all of those participating in these conferences.

Some suggested they had not the authority from their respective organizations either to approve or disapprove. I make mention of

these consultations, however, to demonstrate that the programme was not lightly embarked upon or without great consideration being given to it.

But it is, after all, a war measure. The government in the last analysis must assume responsibility for its success or failure, and having ultimately to assume that responsibility, it must do so now.

The success of this measure depends upon its acceptance and its application by both labour and industry in Canada. That it will receive such acceptance and be fairly and impartially applied, I have no doubt. As each day passes, the people of Canada have shown in an increasing degree not only a willingness but a great desire to bear the irksome restrictions and the great sacrifices which war inevitably brings. This measure may be regarded by some as one of those restrictions and as one more of those sacrifices.

The government feels that it is essential to our war effort and will add to the effectiveness of that effort, as well as to the happiness and prosperity of the Canadian people after the war has been won.

Mr. MACKENZIE KING: The committee will recall that under the arrangement made with respect to procedure, it was understood that after the leader of the opposition and the leaders of the two groups had spoken, the ministers who have been charged principally with the administration of Canada's war effort would each make a formal statement, and that when their statements had been concluded the house would continue in committee and, if so desired, discussion would follow on the subject matter of the several statements that had been made. In order to preserve relevancy and to avoid as much in the way of overlapping as possible, it was thought that it would be well to take up the discussion in committee in the same order in which the statements themselves had been presented. The formal statements of the ministers whose departments have chiefly to do with the war effort have now been made, and if we follow the procedure that was agreed upon we will now begin with the statement made by the Minister of Munitions and Supply and have an open discussion upon any matters which hon. members may wish to bring up on matters pertaining to munitions and supply, and then follow with discussion upon the statements of the other ministers, each in the order in which the ministers themselves have made their statements.

I should like to make this clear. There is no desire on the part of the government, and I am sure there was no desire on the part of the leader of the opposition or the leaders of the groups in the house, in arriving at this arrangement, to preclude anyone from saying anything he pleases, so long as it is politely said, and to make any statement he may wish to make which in his opinion might be related to Canada's war effort. But some order will have to be followed, and I would suggest that we adhere to the one which was proposed and which is set out in *Hansard* of Tuesday, namely, to take the statements of the different ministers, following the order of their presentation. When that discussion is concluded, if there are other matters which any members wish to have discussed, they might be taken up at that stage. I do not wish to be a dictator, even as respects the procedure of the house. What I suggest is to facilitate orderly discussion. Perhaps we could make most headway were we to adjourn now and begin to-morrow the more general discussion, starting with the statement made by the Minister of Munitions and Supply.

Mr. HANSON (York-Sunbury): Before the motion to adjourn is put, I should like to say this. At the conference to which the Prime Minister has referred, at which I was present together with hon. gentlemen representing the two other parties, I thought it was made clear that certain members of this house would like to give expression to their views after having heard the ministers and before we reached the stage of question and answer. If I did not make myself absolutely clear to the Prime Minister, that is my fault. There are members on this side, two or three—I do not know just how many—who would like to make extended remarks of their own, and I certainly suggest that it would be a great mistake if they were not allowed to do that. Therefore, I agree at once to the suggestion that we adjourn, but with the understanding that if anyone wants to speak at three o'clock to-morrow he be entitled to do so. There may be hon. gentlemen on the other side who would like to speak.

We have listened with the most intense interest to-day to three very important speeches—the speech of the Minister of National Defence (Mr. Ralston), the speech of the Minister of Finance (Mr. Ilsley), which to me was very interesting and which, of course, I found it quite difficult to follow, and the speech of the Minister of Labour (Mr. McLarty), which requires some analysis. I should not leave out my hon. friend the Minister of National Defence for Air whose speech was short and understood, I think, by us all perfectly. I should not like to have it even suggested that if anyone wants to make any extended remarks here to-morrow he should be shut off. I hope the Prime Minister will grant

that freedom of expression which characterized the statements made at the earlier stages of this session and before we had our meeting, that there was no disposition at all to shut out anyone who wants to make any remarks at this time in this house. I hope that will be adhered to.

Mr. MACKENZIE KING: The purpose of having the house sit in committee of the whole was to afford the greatest possible latitude to hon. members to say whatever they thought they should say with respect to the carrying on of the war by the administration. What I have said about following a particular order is according to what was my understanding at the time. There were other group leaders present, they will know whether I have interpreted the agreement reached aright or not. But let me say at once to my hon. friend the leader of the opposition that if there are members of his party or of any party who desire to speak immediately and not wait to take up the statements in the order I have suggested, as far as I am concerned I am perfectly willing that they should have the precedence to-morrow and to have to-morrow's proceedings start with their speeches. The whole purpose of the government in the sittings of the house at the present time is to have the fullest possible discussion of matters of public concern and interest.

Mr. NEILL: We are dealing in a very unusual way; I do not think I ever heard or read throughout the history of Canada where a parliament sat in committee and apparently discussed everything at large, nothing before the house, no resolutions, no estimates, and apparently it is impossible for us to move a resolution or propose amendments. Might I ask the Prime Minister if it would be in order under these very unusual circumstances for any hon. member to move a motion in this committee in order to give expression to or test the feeling of the house on any particular subject?

Mr. MACKENZIE KING: My hon. friend says there never was procedure like this; there never was a war like the present. I might remind my hon. friend that the session of parliament was virtually over when we adjourned last June. This is an extra that comes at the end of the session. The government might have called hon. members together and adjourned without opportunity for discussion at all. But the last thought in our minds was to deny anyone the opportunity of discussing anything in any way he pleased so long as it was calculated to further Canada's war effort and have it fully understood. We could not think of any method that would afford more latitude than to have the house sit continuously in committee. We realized that it was a novel procedure, but one that certainly could not be taken exception to on the score of the government trying in any way to prevent full and free discussion.

However, when it comes to what my hon. friend suggests, the moving of motions or bringing in of amendments to supply and the like, I am afraid that for that procedure we shall have to wait until the next session and the government brings down its programme and we proceed again in the regular way.

Mr. HARRIS (Danforth): Following the same idea, it was brought to the attention of the Prime Minister this afternoon that since we were last in session here there have been certain committees sitting during the recess. It would be very interesting, and I think it is necessary, that the chairman of the committee and the chairman of the sub-committees, one very important sub-committee at least, should give the house and the country the benefit of their observations on a very important matter, and perhaps we should have an opportunity to discuss what they have done and what they purpose to do, or are we going to forget all about it?

Mr. MACKENZIE KING: I think I said, in reply to a question this afternoon, that I would give the house a little later on further information as to what is to be considered of the work of existing committees. Perhaps my answer to my hon. friend can stand.

Mr. MacNICOL: On Monday last I believe it was I who asked the Minister of Pensions and National Health a question in reference to the reporting of a committee in connection with pensions to widows of non-pensioned soldiers. I did not word my question properly, and the minister gave a correct answer to the question I asked, but the question I had in mind was this: Before the house adjourned in the spring we were informed by the minister that during the summer that special committee would continue to consider the question of pensions to these widows, and we would hear something about it when the house met again.

Mr. MACKENZIE (Vancouver Centre): The report of the parliamentary committee recommended that the government give consideration to certain action with reference to the subject mentioned by my hon. friend. That consideration has been given by the government during the recess, and the decision of the government has been not to amend the War Veterans' Allowance Act during this session or the next session, and generally the opinion that any remedy that can be given in

that direction should be given as part of social service legislation and not under the War Veterans' Allowance Act.

Mr. MacNICOL: Under what legislation can these unfortunate non-pensioned soldiers' widows receive consideration?

Mr. MacINNIS: Referring to the discussion that took place immediately the Minister of Labour sat down, as to procedure that would be followed from to-morrow, my understanding of our meeting in the Prime Minister's office is that what he had said to-night is substantially in accord with the agreement arrived at; that is, that the procedure will be much the same as in committee of the whole. If an hon. member wants to speak for a considerable length of time, even forty minutes or more, he is at liberty to speak, and if he wants to ask questions he can do that. But I understand that the procedure will be the same as if the house were in committee on some particular subject.

Mr. HANSELL: We have listened to very fine addresses from some of the ministers, but I do not think those addresses have covered Canada's entire war effort. Can the committee expect to hear from the Minister of Agriculture and the Minister of Trade and Commerce?

Mr. MACKENZIE KING: I have just said that it was thought advisable that the formal statements should be confined to those departments that have primarily to do with the war effort. Then, if there are other matters that hon. members wish to discuss, affecting other departments, whether they relate to the war effort or to purely departmental matters apart from the war effort, the same liberty will be afforded for asking questions and receiving answers and having discussion.

The committee rose and obtained leave to sit again at the next sitting of the house.

On motion of Mr. Mackenzie King the house adjourned at 10.10 p.m.

Friday, November 7, 1941

The house met at three o'clock.

LABOUR CONDITIONS

PROPOSED STRIKE VOTE IN KIRKLAND LAKE DISTRICT MINES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, before we proceed to the orders of the day I rise to ask leave to move the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, namely, the taking of a strike vote to-morrow, November 8, in certain mines in the Kirkland Lake district in the province of Ontario. The vote has been ordered by the Minister of Labour under the provisions of order in council, P.C. 7307, dated September 16, 1941. The application of the provisions of this order which has been proposed by the minister in this case will, if carried out, further intensify industrial unrest in this industry and threaten industrial peace throughout the country, with consequent harm to our war effort.

Mr. SPEAKER: I think the hon. member ought to state why he considers the subject matter of his motion to be of urgent public importance and therefore requiring immediate discussion by the house.

Mr. MacINNIS: The question is urgent because the vote is to be taken to-morrow. I cannot say any more without making a short speech, which I possibly am not entitled to do at the moment, and if I did, I would be taking advantage of the house. The employees who are interested in this matter are of the opinion that the order is so wide that the result will not give a true representation of the will of the employees in the plant.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, having regard to what my hon. friend has said, I am inclined to think that the point he wishes to raise could be more properly raised when the house is in committee and we are discussing labour matters. It is quite true that the vote is to be taken to-morrow, but in order to have something considered a matter of urgent public importance it should be something that has recently occurred. As yet no vote has been taken, and I submit therefore that the matter is not one of urgent public importance. The minister's action is one simply of carrying out the law of the land, and I do not think the carrying out of the law of the land is a matter of such urgent public importance as to require the house to adjourn to debate the subject.

Mr. SPEAKER: With regard to the question raised by the hon. member, I must decide as to its being a matter of urgent public importance. I refer the hon. member to standing order 31, paragraph 3, which reads:

> He then hands a written statement of the matter proposed to be discussed to the Speaker, who, if he thinks it in order and of urgent public importance, reads it out and asks whether the member has the leave of the house.

My ruling must be that this matter is not of urgent public importance requiring discussion

at this moment. When the house has reached the discussion stage in committee of the whole, and the Minister of Labour (Mr. McLarty) is dealing with his department, the hon. member will be at liberty to bring up the matter to which he refers. I therefore rule his motion out of order.

Mr. MacINNIS: Mr. Speaker, am I permitted to say a word on your decision?

Mr. SPEAKER: At the moment I do not think the hon. member would be in order, but when we are in committee of the whole and the statement of the Minister of Labour is before the committee, it would be in order for him to make whatever observations he wishes.

Mr. MacINNIS: Would Your Honour grant me the privilege of asking a question of the Prime Minister in regard to the proceedings to-day?

Mr. SPEAKER: The hon. member has a right to ask questions on the orders of the day, and we are still on orders of the day.

Mr. MacINNIS: I should like to ask the Prime Minister if he will bring up the statement of the Minister of Labour first. If we go beyond to-day a vote will be taken to-morrow, and the consequences of that vote cannot be rectified by any discussion or action that may be taken in this house. Therefore I would ask the Prime Minister to permit discussion of the statement which the Minister of Labour made last night. That would serve the purpose as well as the procedure I suggested.

Mr. MACKENZIE KING: My hon. friend was one of the leaders who met with myself the other day to decide on the procedure to be followed while the house was sitting in committee of the whole to discuss different matters pertaining to our war effort. He as well as the other leaders agreed that the best procedure would be to have the different ministers make their formal statements and then have a discussion on those formal statements very much in the order in which they were presented. The danger in departing from any agreement of the kind is that one exception leads to endless requests for other exceptions. Last night I was asked to make an exception and allow hon. members at this stage to make speeches of any nature, instead of confining their remarks for the time being to the subject matter of the particular statement that might be before the committee. It appeared to me at the time that my action would be misconstrued if I were to press unduly the desirability of holding to the agreement as made. I therefore yielded to the extent of saying that if hon. members of the house, knowing what the agreement was, wished to make speeches on their own account without waiting until the procedure suggested had been complied with, that I, for my part, would not object and that they might proceed if they so wished. But I think I have gone as far as I should like to go in the matter of permitting exceptions to an agreement made to further the convenience of all. What is happening now illustrates the unwisdom of departing from an understanding or agreement once reached, and I am inclined therefore to feel that the matter should be left where it is at this stage.

[Mr. Speaker.]

COMMITTEE TO DRAFT REGULATIONS FOR BALLOTING AT KIRKLAND LAKE

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to direct a question to the Minister of Labour. In view of the question which the hon. member for Vancouver East (Mr. MacInnis) tried to raise, there is considerable confusion in the ranks of both organized labour and those who are attempting to organize, with respect to the election to be held in Kirkland Lake. There are two points at least which I should like the minister to clarify. First, who is eligible under this order in council to vote in that election? Second, what provision is made for members of the union for scrutineers in the taking of the ballot and in the final count of the ballots?

Hon. N. A. McLARTY (Minister of Labour): With regard to the question of the hon. member, and also in connection with the remarks of the hon. member for Vancouver East, I can answer the second part of the question by saying that provision is made for the union or the proposed union to appoint scrutineers at each balloting place. In connection with the former part of the question, about half an hour ago a delegation from Kirkland Lake waited on me and made certain representations as to classes which should be entitled to vote. As to the first question, I appointed a committee of three from the Department of Labour to work out regulations which they thought would be in accordance with the order and would be fair to both parties. Certain representations have been made to me; I have asked the committee to reconvene this afternoon, and, if for a few minutes I can be relieved of my duties in the house I intend to discuss the matter fully with them. For that reason I am unable now to answer the first part of the hon. member's question.

QUESTION OF PARTICIPATION OF UNITED AUTOMOBILE WORKERS IN FORD COMPANY ELECTION

On the orders of the day:

Mrs. DORISE W. NIELSEN (North Battleford): I wish to ask the Minister of Labour a question arising out of a telegram. I am sorry I could not give him notice, but I have just received the telegram. It states:

Ford of Canada announces election under labour department supervision in which only company union would be on ballot. Majority of 12,000 workers have already requested United Automobile Workers to bargain for them and will accept democratic election. Company action threatens defence production and loss of millions of allies in United States. Urge you present this national issue immediately and demand labour department protect genuine collective bargaining.

Does the Minister of Labour intend to protect the democratic rights of workers by allowing the union of their choice to take part in the ballot?

Hon. N. A. McLARTY (Minister of Labour): I must say that notice of a question of this length is something I would have appreciated. I do not know at all what are the intentions of the Ford Motor Company of Canada, and it would be a little presumptuous for me to suggest that the Department of Labour would be taking any action until it is informed of the action which the Ford Motor company proposes to take.

MARITIME PROVINCE LUMBER WORKERS EMPLOYED IN THE UNITED STATES

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): May I ask the Prime Minister if he is able to make a report to-day with reference to the questions asked yesterday by the hon. member for Northumberland, N.B. (Mr. O'Brien)?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The question relating to lumbering?

Mr. HANSON (York-Sunbury): People going over to the United States.

Mr. MACKENZIE KING: Well, I should like to give later on a more detailed statement than I am in a position to give at the moment. In a word, I can say that such men as have been crossing over to the United States have received permits, not from our government at all but from the government of the United States. They have been cutting wood which for the most part, I understand, is shipped to Saint John, Canada, to be manufactured in mills or factories there in a fashion which will help to serve the war industries in Great Britain. But I will give my hon. friend the full particulars later.

WHEAT

INQUIRY AS TO WHEAT BOARD'S OPERATIONS AND THE 1940 CROP

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): May I ask the Minister of Trade and Commerce whether he proposes before the house adjourns, presumably early next week, to make a statement with respect to the wheat board's operations and the 1940 crop? When may we expect a report with respect to the handling of that crop?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I shall be glad to take the hon. member's question into consideration.

On the orders of the day:

Mr. ROBERT McCUBBIN (Middlesex West): I should like to inquire of the Minister of Trade and Commerce when the Ontario wheat grower may expect his final payment from the wheat board for his 1940 crop?

Mr. MacKINNON (Edmonton West): The hon. member for Middlesex West kindly notified me of his intention to ask this question, and enabled me to get definite information for him. I am advised that the distribution of the final payment on the 1940 Ontario wheat delivered to the Canadian wheat board merely awaits the complete returns and the audit of the processing levy. A proportion of this processing levy, of course, will be distributed on the Ontario 1940 wheat crop, and as soon as the total amount is definitely known and confirmed by audit the final payment can proceed. The board's receipts of 1940 Ontario crop have all been sold at a small profit on the sales transactions, quite apart from the processing levy, and the board expects to be able to proceed with the final payment early in 1942.

May I just mention in this connection that, with the final payment on the 1939 Ontario crop, which was announced in November 1940, there are still about five thousand of the certificates outstanding; that is, the producers who are entitled to this money have not yet picked it up.

ACREAGE BONUS—WESTERN CANADA

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Can the Minister of Agriculture give the house any information with respect to speeding up pay-

ments of the wheat acreage bonus in western Canada? I am prompted to ask this question because of the numerous inquiries I have received in the last ten days as to the cause of the delay. The minister when he was out west stated that he was going to speed up payment. Would he care to say when the final payments may be expected?

Hon. J. G. GARDINER (Minister of Agriculture): One of the difficulties in making payments as rapidly as otherwise would have been possible has been that about forty per cent of the applications for the bonus contained mistakes having to do with location, ownership, acreage or something of the sort, and that forty per cent had to be checked back in order to correct the mistakes. But the last returns indicate that in spite of all these difficulties and delays approximately half of the total estimated amount of money payable was paid out prior to the end of last week. During this week in order to make it possible for more applicants to receive payment the plan was started of paying seventy-five per cent of the total claim, retaining the other twenty-five per cent until a final check had been made to determine the full amount payable. I expect within the next few weeks, in addition to those who have already been paid in full, the others will receive seventy-five per cent of the full amount payable, and in addition all claims under $50 will have been paid. With respect to the larger claims, seventy-five per cent of the amount claimed will be paid and only twenty-five per cent retained until such time as the claims can be fully checked.

ACREAGE BONUS—ORDER IN COUNCIL RESPECTING PRICE CONTROL

On the orders of the day:

Mr. J. A. ROSS (Souris): Would the Minister of Agriculture make a statement concerning the recently proposed acreage bonus to wheat producers under the new order in council covering the price control set up by the government?

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I have made a number of statements, which have been published in the press. If it is desirable that further statements should be made before the house closes and after the discussion on the war services, I shall be pleased to answer any questions with regard to the matter.

[Mr. Perley.]

NAVAL DEFENCE

INQUIRY AS TO NEWSPAPER REPORT RESPECTING THE NORTH ATLANTIC AND HALIFAX HARBOUR

On the orders of the day:

Mr. PAUL MARTIN (Essex East): Mr. Speaker, I invite the Minister of National Defence for Naval Services to comment on a report which recently appeared in the Detroit *Free Press*. This report received considerable circulation in this country as well as in the United States, and aroused some concern particularly at border points. It is by Clifford A. Prevost, Washington correspondent of the Detroit *Free Press*, and the relevant parts of his dispatch read as follows:

> British warships have been withdrawn from the north Atlantic and the United States Navy has taken over the task of defending Canada and convoying American and British merchant men beyond Iceland, according to information made available in Washington and Ottawa to-night.
>
> It was stated reliably that Britain's greater harbour on this side of the Atlantic—Halifax—had been taken over by the United States Navy. This was neither confirmed nor denied by the navy. . . . That the United States Navy is in control of Halifax was not denied by the president. . . . Mr. Roosevelt said that of course the joint defence board had been considering joint use of defence facilities in the event of an attack. He said that he supposed the board had mentioned Halifax and Toronto and he knew they had discussed Chicago.

The report goes on:

> But this much has been reliably established: That Admiral Ernest H. King, of the United States Atlantic fleet, is in complete charge of the Halifax harbour and that the Canadian navy has been released from its obligations to convoy ships leaving the Nova Scotia coast.

Hon. ANGUS L. MACDONALD (Minister of National Defence for Naval Services): In answer to the hon. member for Essex East (Mr. Martin) I would say in the first place that it would have been advisable for this reporter to consult some naval authority in the United States before making such statements. Had he done so, and had he been given permission to use the information thus acquired, I am sure the statements would not have been made. His dispatch is quite long and I do not know whether an answer should be made to it in this house, or whether ministers can be expected to deal with statements made by reporters in all parts of the world, statements obviously based on ignorance of the subject and lack of information. However, out of deference to my hon. friend who has asked the question I would say first of all that there are still British warships in the north Atlantic and there are still Canadian

ships in that same area, as would appear from the remarks which I made the other night in this house.

As to the harbour of Halifax having been taken over by the United States Navy, I may say, as my hon. friend from Vancouver Centre (Mr. Mackenzie) has just commented, that that report, like the one about Mark Twain's death, is somewhat exaggerated; in fact, it is based on pure imagination. Halifax harbour is still as it has been for two hundred years, a British and Canadian harbour. I think that covers the question.

Mr. MARTIN: The answer is no?

Mr. MACDONALD (Kingston City): The answer as to Halifax harbour is definitely no. While, as I said the other night when speaking in this house, we are most grateful here as are all British people for the assistance that is being rendered by the United States in one way or another, it is not true to say that there are no British warships left in the north Atlantic, and certainly there are a great many Canadian warships there.

DAIRY PRODUCTS

PROVISION BY BOARD FOR DISTRIBUTION OF CHEESE TO RETAIL TRADE

On the orders of the day:

Mr. G. E. WOOD (Brant): I wish to address a question to the Minister of Agriculture. In view of the release of the make of cheese since November first, is it the intention of the dairy products board to see that a portion of it finds its way into the trade, so that the large processing firms will not buy it all up and deprive retailers of their share?

Hon. J. G. GARDINER (Minister of Agriculture): The hon. member just at this moment has referred the question to me. I can only say that the matter was discussed before the cheese was again placed on the domestic market, and the board is placing what I think are sufficient safeguards about the disposal of the cheese to make it impossible for concerns such as those referred to to get possession of any more than their proper proportion of the cheese which is going on the market.

WAR-TIME HOUSING

ACCOMMODATION FOR SOLDIERS' DEPENDENTS AND MUNITIONS WORKERS

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): I should like to ask the Minister of Finance whether any consideration is being given to allowing soldiers' dependents as well as munitions workers the use of the new war-time houses. I ask the question because I have letters on my desk with regard to soldiers' wives being thrown out of houses on account of landlords selling the homes over their heads.

Hon. C. D. HOWE (Minister of Munitions and Supply): The situation was called to my attention some months ago, and also to the attention of the Minister of National Defence. Arrangements were made that a certain number of houses would be available for wives of soldiers now overseas who were ejected from their houses for reasons that the city or municipal authority, who are really responsible for the situation, could not prevent. I believe that all the localities where housing is being provided were notified of the arrangement. Certain cities have taken advantage of the offer and are now using a few houses for the purpose mentioned. If the responsible authority in the city represented by the hon. member will make the proper approach, I am sure that similar action will be taken in Peterborough.

THE WAR

INTERNATIONAL SITUATION SINCE JUNE 14, 1941 —CANADA'S WAR EFFORT

The house again in committee of the whole, Mr. Bradette in the chair.

Mr. T. L. CHURCH (Broadview): During the past week the house has listened for four days to a considerable amount of window dressing by hon. gentlemen opposite who are in charge of the war. It is the desire of every good citizen to cooperate with them in their task, the greatest task with which any government could conceivably be entrusted, but if the Prime Minister will keep his ear to the ground —and he was in the west and over in England and other places—he will find that there is a good deal of rumbling all over Canada.

This is not the first government that has sought to conduct a great war on a political basis. In England the Asquith government, which went out of office in 1916, had conducted the last war along similar lines. That government had to resign because the Prime Minister, Mr. Asquith, sought to conduct the war precisely in the way in which our present Prime Minister is carrying on this conflict, namely, on political lines.

Parliament has been treated during the last two years with contempt. We meet, so to speak, on again, off again, on again. The doors of the house are locked without any respect for parliamentary institutions. In the British house the other day twenty-six members of parliament supporting that government rose in

their places and offered constructive criticism of their government. The Prime Minister there listened to a great many uncomplimentary remarks which were made in the course of the debate by members supporting the government in the house, sitting on all sides. He listened to remarks condemning the failure of the so-called Atlantic conference, the eight points of which reasserted a good many things, many of which cannot be carried out, though some are political and economic and will not add one iota to the fight against Hitler.

Those who criticize the party system in this country do so with some degree of justice, because the system has some defects. It sometimes leads people to forget the basis upon which political parties were formed and organized, namely, to promote the greatness of the country and the welfare of the people. But when you criticize the party system for its defects, do not forget that it has its merits and virtues too, as we can see by studying some of the great governments that have functioned there in the past, and gave England good government on the whole and free parliamentary institutions.

In a democracy such as Canada claims to be, the opposition, under the rules and regulations laid down in the constitution, must in effect share the responsibility for the conduct of the affairs of the country. It must share responsibility with the government if this is not a total war. The opposition is the alternative government, and its policy is to offset that of hon. gentlemen opposite. If the opposition make a strong case the government of the day may feel impelled to agree with them and to bring about some changes, or an appeal may be made to the people, and if the government wishes to remain in office it is bound to make such changes in its policy as are necessary.

This opposition has consistently protested against the conduct of this war as a political war. Take the members from the Toronto district. We have heard in the last few days three ministers representing respectively the air force, the army and the navy, for all of whom I have a great deal of respect. But the fact is that not a member of parliament from that district has received a single invitation to attend any meeting that would promote the successful prosecution of the war since it started, or to visit a camp, or see a parade or an inspection. Why, I do not know; perhaps it is because we are Conservatives and the government are conducting a Liberal war. At any rate, we have not received an invitation to visit a single camp. There is a certain building at the exhibition of which I laid the cornerstone, in which there are housed some 7,000 men, and although I had a great deal to do with getting that building erected I have never been invited to visit it. But people from Hollywood can get invitations galore. As a matter of fact, members of parliament should not need invitations to go on federal government property if they want to. I do not blame the ministry, because they cannot look after everything, but I do suggest that they should pass word on to their deputies that the country has federal members. Yesterday we had an invitation from the minister in charge of the army. I do not wish to add to his burdens, which are heavy enough already; I would like to help. We had an invitation yesterday to go and help in recruiting. I for one will not help restore it or be responsible for its failures and mistakes because, as I say, it has been a case of on again, off again and on again, and voluntary recruiting has been destroyed. One does not feel any great enthusiasm until the government shows signs of hearkening to the voice of the people and doing something for the soldiers and their dependents, and giving some redress of grievances. Every Tom, Dick and Harry is protected and can get a bonus, but when you ask the Minister of Finance to do something with regard to a high cost of living bonus for our returned men and for the soldiers who are fighting for us overseas, the only answer you get is, "I will give the matter consideration," the same as was said a year ago.

If anyone is entitled to a war bonus it is the dependents of the soldiers, women and children, the mothers and wives of these men. When you are spending $4,000,000 a day, surely you can afford to give a fair share of justice to these men overseas or in training to go over. If you are not prepared to do so, then do not look for recruits. You must first give some consideration to the grievances of the soldiers and their dependents and to their requests for insurance, free fares, bonus, a readjustment of pay and so forth.

The people are very much dissatisfied with the conduct of the war as it has been carried on so far. While we wish to give general support to the government and have done so, there are a great many shortcomings in the administration of the war. I have been trying to get a readjustment of wages for these men, and it took me about four months to get some information and the rates of pay. I wrote, first, an excellent official, Judge Davis and he passed it on to the army; then it went to the navy and to the air force, and it took me four months to find out what the rates of pay were in these branches of the service. Look over the sheet which the minister has been good enough to give me and you will see the various

ranks set out there, with rates of pay. I am not objecting to them. Take the rank of colonel—and some of them are not going overseas, but are staying at home, some in civilian duties. Some of them, with sustenance and living quarters, get $6,500. Then you come down the list and you find lieutenant-colonel, major, captain, lieutenant, the last receiving $5 a day, with $1.70 for sustenance allowance and all that kind of thing, amounting to $2,600 a year. Then you come to the humble private who gets $1.30 a day, although some of these men are serving in England. That schedule is inequitable. This is the pay, $1.30 a day, of the privates, the men who are doing hard work, and I submit that there should be some readjustment of salaries all along the line of these low-paid men.

The same applies to the air force and the navy. With regard to the latter, there are 4,000 or 5,000 men who cannot get into the navy on account of lack of ships. Then you come to the new army which has been formed, the army of women—and dear knows they were doing an important work in the last great war. I do not know how the war could have been conducted without them. But look at the rates of pay—$11.35 a day plus sustenance and other allowances in this new war, as much as given to eight or nine privates serving in the old country, in the actual theatre of war. I am not objecting to what the women are getting, for example, wing officers, $6.70 and all that, but if that is the rate of pay for the ladies' army, the privates serving in England should have some consideration.

I received a letter from the Minister of Finance, which was written on both sides of the paper—that is about the only economy I have seen since I have been in Ottawa—with regard to this bonus for soldiers. If he would look into this wonderful information bureau he would see tons and tons of paper going to waste, just tossed into the waste-paper baskets when received. The minister said of course that with regard to a bonus for soldiers he was not in a position to reply or say whether there would be any change. Well, then, do not go round looking for people to join the army and to put up with this thing; do not ask members of parliament to ask the women to give up their husbands and sons for the country when soldiers' dependents are not paid enough to keep body and soul together, and are paid for only two children a small pittance and none for more than two. The whole system is wrong and should be changed in the interest of recruiting.

As far as the conduct of the war is concerned there are one or two things that I desire to call to the attention of the committee. The first is the accusations which were made by the heads of the legion last summer, Mr. Reynolds and Mr. Herridge. I do not know anything about the matter myself. I have a great respect for the present Prime Minister, I think I have known him now longer than anyone else in the house and I sympathize with the work he has to do, it is almost beyond any man's capacity, but I want a total war effort. I think it would be better to reply to these gentlemen instead of sending the Postmaster General to North York. I should be glad if the Prime Minister would kindly lay the papers on the table of the house so that we might know what happened, as well as all correspondence for a year before the war. I moved for this in 1940, but did not get it.

During the six months before this war broke out, this government and the whole House of Commons were saturated with the Geneva type of mind, thinking we could get on without arms or allies whatever and remain at peace. The papers to which I refer should be laid on the table now, because if the government was pacifist it was no different from any other governments, and the charges which I have mentioned could be cleared up.

There is a meeting of the Conservative party in Ottawa to-day and it is very much alive; notwithstanding criticisms, it has always stood fast to its principles of the British connection. As the late Sir John A. Macdonald said at Kingston on October 5, 1844: "It is my firm belief that the prosperity of Canada depends upon its permanent connection with the mother country, and I shall resist to the utmost any attempt from whatever quarter to weaken that union." One of the things we saw here recently was the tremendous popularity of the monarchy, and the failure of the House of Commons to deal with problems as they occur. I have often wondered at that. Canada at the colonial conference in 1937 put forward the view that we have no commitments with the rest of the empire, that parliament should decide. They might well know that if war came Canada was at war, would be directly involved. But they refused to arm or get ready.

I believe the Prime Minister would have been well advised to have a war cabinet; that it is an absolute necessity. New Zealand and Australia wanted a war cabinet; south Africa did not, and the south of Ireland is neutral and outside the empire. Instead of ministers having to go across to England by aeroplane from time to time, we should have a war cabinet to sit in and meet with the other dominions. Down to the time of the outbreak of the war there was not a single member of

the cabinet on the front benches who believed in empire policies and what they stand for; they were more Washington-minded than empire-minded. The Prime Minister said in Britain that he is averse to any participation in an imperial cabinet. That is a mistake. In south Africa they want a separate republic after the fashion of the south of Ireland. We are dependent upon Britain; everything in freedom and liberty we have in this country we owe to Britain; if it were not for Britain and the British fleet, where would we be to-day? This very building in which we meet would be bombed. As I said in 1936-37 during the Ethiopian war, we needed a proper empire shipbuilding policy and a programme for training youths for the merchant marine and air empire scheme, and events have proved that the government of the day was all wrong when it did not seize that opportunity and rearm. We are dependent upon Britain for our very existence, and there is no reason why we should be reluctant to enter into closer relations with the mother country during the war and have a war cabinet for the empire in London. Canadian sentiment is like that of New Zealand and Australia, loyal to the empire ideal. It was a great mistake when the Prime Minister decided that he was against a proper war cabinet to consider the various phases of the war in London, because London to-day is the new centre of Christendom as no other capital in the world is. There was the battle of London and the battle of the Atlantic, which in some sense is a misnomer because it is also the battle of the Pacific and the Indian ocean and the seas of the world, a battle for the freedom of the seas and British supremacy of the seas. Mr. Menzies, the former prime minister of Australia, who addressed this house wanted an empire cabinet and an empire policy, and I believe the overwhelming voice of the Conservative party in this country is in favour of having a war cabinet formed right away. The war is creating a comradeship between empire troops, and I believe that comradeship should be extended for the conduct of the war by an empire council. Had that been done we would have known more about the war.

We have had hardly a single paper laid on the table of the house of a record of correspondence with Britain and the empire. I am sorry the body which meets in another part of this building has gone home for the holidays; they could greatly aid in the war if given work, but apparently the House of Commons is not wanted around here either; as far as I see we might just as well pack up and go home. Members of the government rise in their places and read to us essays about things which can be got in the public press just as well. They have made Canada restless for a total war policy in this the third year of the war. In the first year it was not to be expected that Canada could do everything it should do because we had a pacifist government which was not war-minded; many of them knew nothing about war, and it is no disparagement of hon. gentlemen who make admirable executives in peace time, to say that they have no knowledge of war problems, because peace and war administration are far apart, especially in a world war like this. Some are able and efficient gentlemen, but now what is needed is a total war effort on their part.

The battle of Canada's propaganda goes on night and day. You cannot turn on the radio without hearing all kinds of talk from members of the government, the information bureau and their favourites and radio paid agents, and the ghosts behind the scenes, as I called the unnamed spokesmen, and there seems to be a distinct United States taint about all the speeches and little praise for Britain. How does it come that we hear so little about the great fight Russia is making against the mechanized hordes of the axis powers? On the radio and from the information bureau we hardly ever hear about Russia, but we hear much about the American isolationists; in sections of our press and radio and information bureau they seem to be troubled with Lindberghitis. There is more space given sometimes in some papers to Colonel Windberg—I mean Lindbergh—and the United States isolationists than to all the proceedings of this house. The battle of the air is going on, and all these paid officers are giving their views. I believe the time is coming when we should cease having press censorship in this country and adopt the policy followed in the old country. Why not trust the newspapers, as we did in the last great war and abolish censorship? It is unnecessary. We would have very little trouble, and we would save all the money that is being spent on an information bureau which turns out literature presumably for the benefit of the United States press, and is resented over there as trying to bring the United States into the war.

Then I should like to know where the auditor general is during these times, because every department seems to be run by its own minister, who apparently is able to spend all the money he likes. We also have the celebrated joint defence board which, without the authority of parliament, is binding Canada to various treaties for the next hundred years. We have the Minister of Agriculture announcing a policy with regard to a fixed price for

wheat which may cost the country from $125,000,000 to $200,000,000 with other allowances, and which is to be carried out by order in council. We have the Minister of Munitions and Supply, for whom I have the greatest respect, spending money in vast quantities. I do not know whether the Minister of Finance knows about all this, because there seems to be no coordination or central control, with the result that a great deal of money is being spent without the proper authority. Toward the end of the session in June I asked the Minister of Finance if the auditor general had jurisdiction over all these dollar-a-year men and all these boards. At that time the minister said he had, but that does not seem to be the situation, because every department seems to have its own auditors independent of a central auditor. As a result money is being spent like water by the navy, the army, the air force and everybody else, on home defence which will never win this war. Then we have the mayor of New York, who heads this defence board. He has announced expenditures running into millions of dollars, and I doubt if the Minister of Finance even knows anything about them, but this joint defence board binds Canada's future. The policy of the government seems to be, "A board a day will keep Hitler away."

In the first year of the war the mechanized hordes conquered Norway, Czechoslovakia, the low countries, Belgium, Holland and, last but not least, France. In the second year of the war they swept over Yugoslavia and Greece, and the mechanization still goes on. What is the position in Canada? We are now in the third year of the war and the government can give us no definite war programme for the next twelve months. As I said when this war began, the big question was man-power. I was told it was not, but it was food and munitions. Has there been any war in the history of mankind in which man-power has not played a major part? I say there has not; and if the government of the day had taken the right stand at the start, voluntary recruiting would not have reached the state in which it is to-day. We should have had a million men. During the first months of the war the country was willing to give the ministers time to become war-minded instead of believing in pacifism and disarmament; but two years of armed warfare should be sufficient to bring about that changed mentality. We should be taking active steps to see that in this third year of the war ours should be a total war effort from coast to coast. Now we find the government without any concerted, coordinated war planning for the coming year, to deal with the demands of the military services and the other demands in connection with production, shipbuilding, agriculture and so on. Home defence will never win any war; there is no possibility of that. We should take stock of our military position. The people want to know the facts, but they cannot get them. As I said in 1937, are we to wait until the enemy comes up the St. Lawrence by air, land and sea, and bombs the citadel and this very building? All the protection we have is provided by Great Britain, and the United States would be attacked also but for the British navy. The small nations of Europe have been enslaved by this mechanized army; they have endured the spies, the sergeant-majors, the concentration camps, the loud speaker, the tramping of feet, the gestapo, the whips, the spirit of barbarism, brutality and savagery; and but for Britain we on this continent would be compelled to suffer the same experiences. Yet we do not pay her tribute.

What are we going to do about it? Sooner or later there must be another Peninsular war on the continent, and what is Canada doing to prepare for it in man-power to aid the mother country? New Zealand and Australia were represented in Africa, Greece, Syria and other countries. Canada was not. Now we have been told by one of the ministers, within the last day or two, that no Canadian troops can be moved out of England without the authority of this government. That is just what I said in this house last June, that not a man could be sent from England without the permission of the government of this country. That is a fine state of affairs. That is not a total war effort, or coordination with Britain; that is not showing cooperation with the other parts of this empire. The time has now come when there should be a change. I think we need something more than words, something more than the essays and all that sort of thing we have been getting. The people should know the extent of our war effort and exactly what our position is.

In addition, I believe that when the government takes over private property as crown property throughout the country it should pay taxes. The Ontario government and the hydro electric system pay municipal taxes. Why, the city of Toronto spent two and a half million dollars in connection with one plant on the harbour there, doing dredging, building retaining walls, putting in pavements, sewers, sidewalks, power at cost, water supply, roadways and all that sort of thing. Now the plant has been taken over as crown property. Surely the government of the day should pay something to help meet the cost of all these municipal services, and should pay some part of all this cost to the municipalities. This war is alto-

gether different; and I hope the Minister of Munitions and Supply, who has not been unmindful of the needs of the municipalities, will take this matter into consideration. These crown plants are getting their power, light and water, and transportation, street cars, at cost; they are being provided with sewers, pavements, transportation facilities and all the rest of it. Surely the municipalities should be helped, and all their revenue should not in this way be taken away. Since the early days of the hydro electric commission they have paid taxes on their municipal property, and I appeal to the government to take the same stand with regard to these crown property costs.

I see no change in the cardinal principles of the government's war policy, except the sending overseas of one hundred thousand men, though the Prime Minister said we would never send another expeditionary force to Europe. A few months before the war broke out, the right hon. gentleman said the danger to Canada was minor in degree and secondary in origin. In 1938 and 1939 we were told that our war policy was directed to home defence and the maintenance of Canada's neutrality in case the United States should be attacked by a foreign power. Since then we have had several agreements with the United States, one of which was announced at Ogdensburg, and we have had a joint defence board set up as a result. We have been told by the Prime Minister that Canada has no commitments, that parliament will decide. That is not so. We knew if Britain was at war, Canada would at once be also involved. Bases are given away and commitments made for the next ninety-nine years under the agreement giving the United States bases reaching from Newfoundland to British Guiana in exchange for fifty obsolete ships, some of which were useless and of no value at all, and Canada is bound by our United States-Canada defence board. Canada knew all about that agreement; it has been said that Canada was the author of that British-American Atlantic bases policy, but in any event we are bound by it for the next ninety-nine years. And whether we like it or not we are also bound by the policy of the defence board created as a result of the Ogdensburg agreement. Supposing the United States should go to war with Japan. There would be no reason why Canada should also go to war; we are in a different position, but we are bound by these agreements into which the Prime Minister has entered with the President of the United States, over the head of parliament, of the mother country and of the other dominions who should know of it and to whom in an empire sense we are connected. The defence board agreement was entered into over the head of the mother country and of our sister dominions. It was agreed to set up this defence board for the protection of America for the next ninety-nine years, and this action was taken over the head of this parliament. Nobody knows where it is going to end.

There is no time to be lost. As Lord Beaverbrook has so well said, and as was said a few weeks ago in the British house, there is no time to be lost in giving aid to Russia. To-day Russia is fighting with the mother country for the freedom of the world. The whole history of the world for the next two hundred years will be decided by the battle of Britain, the battle of the Atlantic and the battle of Russia. Russia is standing against the mechanized hordes. The Germans have lost 8,000 tanks so far in their struggle against Russia. At one time it was said that we could not turn out tanks in this country, and then we were told that we would have fifteen by the end of the year. The minister now thinks that we shall have produced 100 or possibly a few more. Germany is supposed to have 30,000 tanks, so that means that we shall have to produce 29,900 more if we are to be on an equal footing.

As I say, the history of the whole world is being decided over there in the battle of London and Russia. Were it not that Russia is now bearing the burden and the brunt of the struggle against these modern savages and barbarians with their awful mechanization, the British losses on land, sea and in the air would be terrible. These losses would be in addition to the already heavy burden being borne in this war by the mother country. The Hun has his awful mechanized hordes with their savagery and slaughter. This year has witnessed the collapse of all the ideologies of the past, and they should remain in cold storage until the axis gangsters are destroyed. After all, a kindly providence knows better than our own government. We should all face the facts and appreciate how Russia is benefiting, saving and aiding Great Britain in this struggle.

There are some who do not like this collaboration of Great Britain and the United States with Russia, and they quote General Franco. Had he said three years ago that he would not accept the military help of gangsters like Hitler and Mussolini he would now be in exile as a defeated man. But he renounced all his ideologies of the past, as Great Britain and the United States are now doing. By the use of diplomacy, Franco got both his axis partners out of Spain.

It is time for Canada to wake from her slumber. It is time for Canada to do something and not keep on talking about what will be done in 1942 and 1943. Canada

seems to think that there is all eternity in which to prepare the necessary man-power, food and munitions to help Great Britain and her allies. The time has come when this government will have to come down out of the clouds and let us have a total war effort. At the beginning of this debate the Prime Minister gave the reasons why Russia went into the war, but he forgot to say anything about man-power in this country. No matter whether we like it or not, something will have to be done about man-power or else the war may be lost. Call it conscription, compulsory service, or anything you like; it all means the same.

As in the last war, I am in favour of a selective principle. In 1937 and 1938 I proposed that we should have a compulsory national registration with a view to obtaining the utmost national service from the people. That is the only way we can have equal rights for all and special privileges to none. We would not have needed it if voluntary recruiting had been properly handled from the start. Now it is too late. The recruits are not coming forward.

There is another matter to which I should like to refer. Why does this country continue to permit the Vichy legation to remain open? We all know the record of that notorious government during the past year in France. We all know that it is simply a puppet government of Hitler. We all know how France suffered in the last war to preserve civilization and how all Canada wants to aid her.

Before this house adjourns I should like to know what action this government intends to take in connection with the great losses to our shipping off the coast of Ireland. Are our sailors, soldiers and ships to be lost? In one of his speeches President Roosevelt said that they were not going to stand for it, and Mr. Churchill has referred to this as well. This kind of thing cannot go on much longer. A total of 340,000 tons of shipping has been lost in one month, most of it in the Atlantic. Throughout the centuries one continuous thread can be detected running through the variegated web of British military and naval policy—the strategical indivisibility of the British isles. We are all aware of the glorious record of those two little islands from the days of Elizabeth. They leaped up and became a great world power. We are proud of the record not only as the main defender of freedom and civilization, but also in discovery, the arts and sciences, and literature.

The defence of Ireland is the defence of Britain. Elizabeth knew it; Cromwell knew it; William of Orange, of pious and immortal memory, knew it, and so did Pitt and Castlereagh. In our own time Mr. Lloyd George knew it. While prepared to give up much, he shrank from giving up all. Speaking at the Methodist conference at Cardiff in 1921, he said that he did not know what would happen to Great Britain in another war with Germany if we did not have these ports, yet later he gave Eire those very bases. In each epoch of British history her enemies have appreciated the situation in the same way. Elizabeth's struggle with Philip saw a Spanish landing in Ireland; the Napoleonic wars saw the French at Killala, and in the great war of 1914-18 Germany too made a nibble at the island on the western flank.

In the grim struggle in which Britain is now engaged only one thing can deprive her of victory. If her sea communications with the arsenal of democracy across the Atlantic are cut, the war for her is lost. Ireland lies across those lines of communications. An Ireland fighting on her side would make those communications safe, while a neutral Ireland would imperil and has so far gravely imperilled them. With Ireland in the possession of her enemies, the vital arteries would be severed. But this government does nothing about it but drift. It has a legation there as well. Apparently this government is ready to see our brave soldiers and sailors and our shipping and food for Britain lost in the seas off the coast of Ireland without saying one word of protest about these bases, instead of joining with Mr. Churchill and Mr. Roosevelt in seeking the use of these bases at once.

It is from these points that the Germans got the range and lights to destroy Coventry and Cardiff, and prevented our ships from reaching shore. The result has been that Great Britain has been unable to use Portsmouth and other ports on the southern channel, as she did in the last war. We might have lost the last war without these bases. Another result was the loss of the Channel islands. The Prime Minister was asked by me in 1939, 1940 and last June about these ports, but nothing has been done. Great Britain has been forced to use the narrow northern channel, and the result is that a month or two ago the shipping losses amounted to 144,000 tons. It is time for us to think about this bridgehead in Ireland and do something about it. We should appreciate what is being done by the people of Ulster, the six northern counties. Their war effort has been magnificent and were it not for that great arsenal, Hitler would have won Ireland long ago.

Hon. H. A. BRUCE (Parkdale): In the early days of the war we were led to believe that men were not needed. This illusion was

entirely dispelled by the straightforward statement made by the Minister of National Defence (Mr. Ralston) on Wednesday last, so that there can no longer be any doubt that men are urgently needed. In answer to the question as to the government's military objective the Minister of National Defence stated that it was to be an all-out war effort.

The government's adherence to the voluntary system of recruiting is inconsistent with total war, and yet this is the only kind of war that will enable us to help defeat Hitler. Contrary to the opinion expressed by the Minister of National Defence it is the government's responsibility. It is perfectly obvious to every thinking man that Canada cannot make a total war effort without compulsory selective service, and also that if our aid is not to be a vital factor in this struggle this empire, and with it Canada, is doomed. Speaking for myself in this house on May 12 last, as I do to-day, I called upon the government to put this method into effect, adding that voluntary recruiting had reached the stage where it was slow, cumbersome and wasteful, and that selective compulsory enlistment was the only fair and efficient way to meet the complex needs of Canada. I believe now, as I did then, that nothing will strengthen national unity more than the knowledge that every section and every class of our population are bearing an equal share in the defence of our country.

I was pleased to read the report of a statement made by the hon. member for Mount Royal (Mr. Whitman) on October 8 last to the effect that we shall have conscription if and when it is shown to be necessary. Surely that time has now arrived. Every report we get from reliable sources emphasizes beyond all doubt the terrible crisis upon which we have now entered. Yet Canada allows a man to decide for himself whether he will sell goods over a counter, wave women's hair, work in a factory, vital to our war effort or otherwise, or serve in our armed forces overseas. The government must take upon itself the responsibility of putting the right man in the right place.

There is no doubt that there has been a very great change in public opinion in Canada on this subject since May last, and to give the committee some indication of the extent of this change I should like to quote from an editorial in the Montreal *Star* appearing under yesterday's date. In commenting upon the speech of the Minister of National Defence it says:

> The problem will not be solved by indiscriminate enlistment of men for either industry or the armed forces. That is why so many people throughout the country are clamouring for a system of selective national service that would permit the government to send men—and women—wherever their aptitudes could best fit into the war picture. There are thousands of men and women, not all of them fit for active service, who nevertheless are eager to do a war job—and they cannot always find openings. Voluntary civilian organization for war purposes is all very well in its way, and is indicative of a high spirit of willing service, but unless it is related to a general official plan, it wastes both money and valuable effort.

I should also like to give the opinion of three ministers of the church, of different denominations. Two Roman Catholic army chaplains, Colonel C. L. Nelligan and Colonel T. J. McCarthy, when speaking in London recently, warned Canadians to do away with complacency and get into action. Colonel McCarthy, recently returned from London, England, speaking to Canadian wives and mothers said:

> If your husbands and your sons are of military age don't hesitate to send them to fight your battles across the sea because then they won't have to fight them on your own doorstep.

Lastly, I would quote Bishop Renison, who has just returned from a visit to England where he went with a party of Canadian journalists as the representative of the *Globe and Mail*. I might remind the committee that Bishop Renison's two sons, his only children, went overseas at the beginning of the war. One son, like the boy referred to by my leader on Tuesday, paid his own way to England to join the Royal Air Force. His plane was shot down over France during Dunkirk and he was made a prisoner of war and is now in Germany. The other son went over with the first contingent. I wish to quote from a report in to-day's Ottawa *Citizen*. Bishop Renison said:

> It is my opinion some form of compulsory service is absolutely essential.

The report goes on:

> The young men who had joined the armed forces with the encouragement of the government have "pledged their all", Bishop Renison said, and "the Canadian government therefore cannot be less sacrificial in its attitude toward the war. . . ."

I wish to make the strongest protest of which I am capable against the practice of this government in arrogating to itself dictatorial powers and, through its ever-growing habit of legislating by order in council, destroying the rights and privileges of parliament, obtained only after centuries of strife. The last and most flagrant example is the enactment by order in council of control of prices and wages —the most revolutionary change in our economic system that has ever been made in a democratic country—and this on the very eve of the assembling of parliament. I was not

impressed by the reasons advanced last evening by the Minister of Finance (Mr. Ilsley) for not submitting this important matter to parliament, namely, that secrecy had to be observed in respect to the fixing of prices of commodities lest advantage might be taken to do some improper thing, presumably the boosting of prices. But that same argument could be used to pass the budget by order in council, and up to the present time that has not been done. Whether or not, however, we agree with the method used or with the wisdom of what has been done, I wish to congratulate the minister upon the lucid and informative presentation he made of the subject yesterday.

We are given no opportunity of discussing any of the provisions of this control of prices and wages legislation, but, instead, we are told that, after listening to the reports from some of the ministers, we shall be permitted to ask questions, and then adjourn to reassemble late in January, because there is no legislation ready. This means that for a period of seven months parliament will not have functioned as a legislative body. Was it not the same disregard of the rights of parliament which called for the protest from the British House of Commons to King James I, on December 18, 1621, in the following terms:

> That the liberties, franchises, privileges and jurisdictions of parliament are the ancient and undoubted birthright and inheritance of the subjects of England and that the arduous and urgent affairs concerning the state and defence of the realm and the maintenance and making of laws are proper matter of debate in parliament and that in the handling of these businesses every member of the house of parliament hath, and of right ought to have, freedom of speech to treat of these matters in such order as in their judgment shall seem fit.

We may, perhaps, be permitted to appeal from Philip drunk to Philip sober, from the successful politician to the sound parliamentarian, from the prime minister who destroyed the rights of parliament to the private member who once used to defend its dignity in such ringing terms as these:

> Mr. Speaker, there should be an end to government by order in council. Government must be by parliament and through parliament; it must not be by the diplomacy of cabinet councils carried on by cabinet ministers in their secret chambers, but by the free discussions and questionings of the ministry in this house in regard to public affairs.

Mr. Chairman, no words of mine could express more exactly the conviction held by every true parliamentarian and the indignation we feel, than those words spoken more than twenty years ago in this chamber by the then hon. member for North York, the present Prime Minister (Mr. Mackenzie King). He should be congratulated upon them. It is given to few statesmen to denounce with such accuracy and eloquence in 1920 the crimes against freedom his ministry was going to commit in 1941. I use the word "crimes" advisedly and in all gravity. As I read history, it records few betrayals more callous or deliberate than the betrayal of the parliamentary liberty enshrined in this house by one who knew the place, and who has been for years its most ardent protagonist.

Mr. GILLIS: Mr. Chairman, I rise to a point of order. This afternoon the acting leader of this group endeavoured to place before the house a matter which was of some considerable importance and requested specifically from the Prime Minister the privilege of discussing first the Minister of Labour's report; but, on account of the fact that a certain arrangement had been made, the Prime Minister's decision was that consideration should be given to the reports of the ministers in the order in which they reported. Our understanding was that the report of the Minister of Munitions and Supply would be considered specifically at this time. That minister is in his seat and prepared to discuss matters pertaining to his department. The speeches which have been made to-day are very good, but in my opinion are valueless unless the ministers who will answer the criticisms made are in their places for that purpose. I just want to draw that to the attention of the chairman. If it is the intention now to ignore the ruling made this afternoon, it seems to this group as though there is rank discrimination in that respect. We were held definitely to that rule. Up to the present the speakers who have taken the floor have made absolutely no reference to the department of the minister who is in his seat for the purpose of answering questions that may be raised with regard to his report. I bring that to the attention of the Chair because we desire to discuss some matters pertaining to the report of the Minister of Munitions and Supply, and to carry on as we are doing is a waste of time and, certainly, not constructive.

Mr. MACKENZIE (Vancouver Centre): My hon. friend who has just spoken is perfectly correct in his interpretation of the understanding that was reached. I believe that last evening the Prime Minister, in deference to a request made by the leader of the opposition, agreed that there would be one or two speeches this afternoon before we proceeded in committee with questions of the various ministers.

Mr. HANSON (York-Sunbury): But may I say that at the moment, I believe, these speeches are exhausted, so we shall be able to go on.

Mr. E. G. HANSELL (Macleod): Since the Minister of Munitions and Supply is in his seat, may I say a few words which do have some bearing upon his department.

During the summer, when the special committee on war expenditures met, I gradually became increasingly aware that perhaps the departments of government in their war effort were not as properly coordinating their efforts as they might do. I did not, however, raise any serious objection, or put forth any definite proposals. I thought that perhaps I might be mistaken. But this suspicion gradually grew upon me until, towards the end of the summer, I had occasion to inquire of one department of government upon a certain matter. In relating this, I should like to ask the Minister of Munitions and Supply a few questions.

This particular incident occurred when I received a request from a certain quarter in my constituency with respect to a proposed air training school to be built in a certain section of the country. We are all aware that when the empire air training scheme was first mooted, the Department of Transport immediately sent out their engineers to survey certain properties and make recommendations so that the best possible places might be secured for those air training schools. At that time I received numerous inquiries, as a consequence of engineers coming into certain sections, whether an air training school would be built here or there. I made inquiries at that time and discovered that for the time being the air training scheme had reached certain proportions and it was not anticipated that any more schools would be built. A very few months after that other schools were built. Now this summer comes another inquiry and naturally I thought, "Well now in my part of the country we have a good many air training schools and perhaps this is another false alarm." I got in touch with an office which comes under the Department of Munitions and Supply and asked whether or not there was to be an air training school in this particular part of the country. I wish to read a part of my letter to the official to whom I wrote. One paragraph will suffice:

> Recently I have had numerous inquiries in respect to a proposed air training school being established near the town of Vulcan, Alberta, on what is known as the Galbraith property. The Trans-Canada Air Lines already have a landing field on this property.

There is no mistake about where this training school was expected to be built, but the answer I received was:

> This will acknowledge your letter of August 21, relative to the proposed air training school being established near the town of Vulcan, Alberta.

[Mr. R. B. Hanson.]

> For your information, we have made extensive inquiries but no one seems to know anything about an air training school to be constructed at this point.

I immediately mailed an air mail letter to my inquirer. Four days afterwards, perhaps five, I arrived home—and perhaps the story is a little humorous at this point. When I arrived home my boy came bouncing in. "Hello, dad", he said, "glad to see you home. Say, dad, did you write to So-and-So and tell them that there was not going to be any air training school out here?" I said, "Yes." "Ha! ha! They are all laughing at you now," he said. "Well," I said, "that is all right; I am not very much concerned. It won't be the first time that people have laughed at me. What's on your mind?" He said, "The machinery is already out there ploughing up the runways and they are already putting in the school." I must confess that I felt a little bit embarrassed when I walked down town the next day.

Mr. MARTIN: Do you object to the school being built?

Mr. HANSELL: I do not object, and let me say this in answer to my hon. friend. I must say in fairness to those who have selected these sites that I believe they have selected them because they were the best they could select, irrespective of the constituencies in which they might be located.

Mr. McDONALD (Pontiac): Why are you finding fault with it?

Mr. HANSELL: I am not finding fault with the selection of the sites. My point to start with was that there should be a coordination of the work of the departments of government. When I made the inquiry I was told by letter that the department had made extensive inquiries and no one knew about an air training school being built at that point; yet the machinery was on the ground and the school was being built. Somebody slipped up—and I did not write to the office boy, either. I will not say to whom I wrote; I do not want to embarrass any government official. It was not the minister. I immediately wrote back and asked for an explanation. Let me read a paragraph from the reply. It seems that the Department of Transport selects the site —the minister can correct me if I am wrong— and the same department also lets the contract for the building of the runways. The Department of National Defence for Air has nothing to do with it. The Department of Munitions and Supply, on top of that, and apart from the Department of Transport, lets the contract for the erection of the

buildings on the site. Here we have the Department of Transport doing one thing, and the Department of Munitions and Supply doing another, both working separately for an entirely different department, which is the Department of National Defence for Air. The paragraph giving the explanation reads:

When we made our reply to your letter we made inquiries of the R.C.A.F. and of this department and found that as yet no authority has been established to construct the school, and it is on this basis that your reply was made.

It does seem to me that when a certain project is to be erected or a certain objective is to be attained, all who are interested in that objective should be brought into consultation. That is what I would consider a proper coordination of effort. I have explained that I tried not to embarrass the government, but I must say that it has the appearance of withholding information—I am not saying that it does—until certain contracts are let, so that a certain amount of patronage can be effected. I am not saying that was done.

Mr. HOWE: May I discuss that statement before the hon. member gets on to something else?

Mr. HANSELL: I shall be through in a moment. At any rate, that would be the impression people would get, that the information was not given so that there could be a certain amount of patronage. I might give an illustration. Certain people came to that town from an outside place. Nobody knew them. They proceeded to rent a small building to put in a coffee shop. Some of those who knew this building said to them, "Are you sure you will make good on this coffee shop?—because there have been one or two in this town that have gone broke." They replied, "We will make good." They were asked what made them so sure and they replied, "Why, an air training school is to be built out here."

Nobody in that town knew anything about it. I repeat that I am not saying that the information was withheld for purposes of patronage, but it has all the appearance of it. Either that or you have to come to the conclusion that there is not proper coordination. Here is one department which evidently did not know there was to be an air training school at this point when at the time the machinery was ploughing up the runways. Could the minister give us some statement on that, because other hon. members may find similar occurrences. We do not want these embarrassments. In this time of war, even though we may be members of the opposition we are not going out to brand the government as this, that and the other thing. We have to attend Red Cross meetings, salvage meetings, all kinds of meetings; we are called on to explain this and that, and we want to help the war effort as much as possible. Therefore let us get some of these things cleaned up.

Mr. HOWE: If my hon. friend considers this matter fairly I think he will see that the fault is entirely with himself in having addressed his letter to the wrong person. He did not say to whom he addressed it, but obviously the right person is the minister in charge of the department. I get dozens of such letters every day and I can either give the answer, if it is in my department, or send the letter to my colleague in the proper department, who answers directly and advises me. I dare say my hon. friend wrote to an official thinking to save my time.

Mr. HANSELL: Exactly.

Mr. HOWE: We have private secretaries who are trained in that sort of work. Naturally if I sign a letter on a matter of the kind I must be sure the information is correct—or reasonably sure; I suppose nothing is infallible. Had that letter come to me my hon. friend would have received his answer. He may have written to someone in the Department of Munitions and Supply who would know nothing about it, because the air branch of the Department of Transport, while it reports to me as Minister of Munitions and Supply, is not a part of the Department of Munitions and Supply. He may have written to an officer of the air force, who would naturally look up the financial encumbrances of the air force and, finding that no financial encumbrances had got back to his file, would therefore assume that no such thing had taken place.

I would ask my hon. friend to address letters of that kind to a responsible minister, in which case the government will take the responsibility for the reply. I dare say the man who answered the letter did so in the best of good faith and to the best of his knowledge, but he would not have the knowledge which the minister would have.

The responsibility for spending any money for a war department rests with the Department of Munitions and Supply. It was placed there by the munitions and supply act passed by parliament. The only exception, apart from small sums which are spent by a department by arrangement with the Minister of Munitions and Supply, is that as a matter of convenience the Department of Munitions and Supply segregated to itself the air services division of the Department of Transport, because there was in the former department

a staff highly skilled in selecting and improving airports. It was felt that to duplicate that staff would be a waste of effort. It would be impossible to duplicate this skilled staff in this very highly technical operation. The selection of an airport is not an easy task. The skill with which it is done depends greatly upon the experience of the men doing it, men who know both topography and problems of aviation, because there must be a relation between the two in the selection of an airport. It is true that surveys for airports are made by the air services division of the Department of Transport. The preparation of plans and specifications and the awarding of contracts is carried out by the air services division of the Department of Transport, and the work of building the runways and developing the field is supervised by the air services division of the Department of Transport. The selection of the sites is a matter for the user. The user in this case is the Department of National Defence for Air. The need for a site is determined by that department. The air services division of the Department of Transport is communicated with, told that a site is needed in a certain area, and asked to bring forward surveys. The division tries to anticipate those requests and makes many surveys of sites without a requisition. In this way information is had in advance as to where sites are available so that prompt service could be given to the air force. The air services division submits plans and estimates of cost of development usually on three or four alternative sites. These are placed before a special technical committee, and the choice of a site is made with one or two technical men from the air services division sitting in. I can say with full knowledge that they are invariably made on the basis of merit. I never concern myself with the selection of any site for an airport, and I know that my colleague the Minister of National Defence for Air is in exactly the same position. We decided when we undertook our work that the selection of sites, the location of air training schools, was a technical matter which we would leave entirely to our technical men, and that policy has been carried out.

I do not know whether I have covered the field; if not perhaps my hon. friend will ask a supplementary question.

Mr. HANSELL: I think so.

Mr. HANSON (York-Sunbury): Before the minister leaves the matter of selection of airports will he tell the house if there have been sites selected for airports which have been promoted, shall I say, on local considerations, condemned as being improper locations and subsequently taken up? I have in mind now the Pennfield airport. I think it was discussed in this house in the first session of this parliament. I know I had the opinion that Pennfield would be a good location for an airport in the maritime provinces. During and after the discussion that took place in this house the hon. member for Charlotte (Mr. Hill), who was very much interested in the proposition, who knew as much as or perhaps more about it than I did, urged it and ventured to stake his reputation as an engineer—and he has some reputation—on the usefulness of this site, but it was condemned out of hand by the technical officers of the minister's department. The present deputy minister came to see me; his assistant, I think a Mr. McLean, came along with him, and they convinced me with the superior knowledge they had that they were right. I was therefore astonished when in the following year Pennfield was decided upon for development as an airport for the British trainees, and millions, I was going to say, have now been spent upon it. Perhaps the minister does not know about that situation, but it is one of which I have some knowledge.

Mr. HOWE: I know nothing about it. Of course airports are required for various purposes. At first we were selecting ports suitable for Trans-Canada Air Lines. Then at the same time ports were being chosen which were considered suitable as operational ports. The number of training schools has been steadily increased. We had a programme to start with that called for certain airports. We have since had a number of calls to provide additional airports. I believe the British schools required some thirty airports that were never dreamed of when the original programme was drawn up. Naturally the best airports are selected first. We have conducted surveys of locations; I know there are at present dozens of these surveys on file in the Department of Transport. As I say, the best, those that were cheapest and obviously most satisfactorily located, were chosen first. As those were taken up, the next most satisfactory had their turn, so it is quite possible that an airport might have been passed over when the first choice was being made, but that the time would come when it would be the best of those still available.

Mr. HANSON (York-Sunbury): By the process of elimination.

Mr. HOWE: By the process of elimination, and it is also possible that further information, not available at first, might have something to do with the matter. I think the first objection to Pennfield was that it was fog-

bound. Then I believe accurate records were kept, and it was found that it was not so fog-bound, or perhaps it is; I do not know. In any event the technical officers came to their own conclusions, though I should be glad to look up the file if my hon. friend is especially interested. I think that is the explanation. I believe the first choice was Moncton; the second choice was somewhere up in the north, and then Pennfield seemed to be the next best place available.

Mr. HANSELL: I do not desire to prolong the discussion, but I should not like it to be thought that I am complaining about the selection of these fields. I am not. I believe the government have selected them because their engineers have considered those selected to be in the proper places. I know this, that if you drive from the southern part of Alberta north to Edmonton, which is in the central part of that province, you pass from ten to a dozen air training schools. I believe these were located in that part of the country because the prairie is flat, the air is clear, the altitude is high, the sun shines, it is near the mountains, and the climate is healthy. I am sure the engineers took all these matters into consideration. With regard to writing the minister let me say, in connection with the complaint I made a short time ago, that I really thought I was doing the minister a tremendous favour by not bothering him, so I wrote to what I would consider a rather high official of his department. I thank the minister, however, for his suggestion that I write him personally in future.

Mr. HANSON (York-Sunbury): If that phase of this matter is out of the way, I understand that some of the minister's officials have been waiting here for an hour or more; and, since I believe their time is valuable, it might be well if the minister, at this stage, would make the statement which I requested of him with respect to the whole gasoline situation, and in particular with respect to the charges made against the controller, or whoever they were made against, by the Joy Oil company. I should like to say this, that I have no idea in the world who the Joy Oil company are, or what they represent, or what they are, or whether they are right or wrong. I have never been approached by anyone in this connection; I do not know what their case is, beyond the contents of the paid advertisement which I saw in the newspaper. But I should like to have the gasoline position clarified; if we are not saving enough gasoline in this country for war purposes, then I suggest to the minister that he exercise the power which he possesses, and I am sure the Canadian people will cooperate.

Mr. HOWE: Mr. Chairman, I am very glad to place before the committee a rather complete statement of the oil situation. I feel that the situation has been misunderstood; the cooperation extended to the department when we asked for the conservation of oil was very willingly given, but the statement made by the Joy Oil company has shaken the confidence of the people. Therefore I feel it is only fair, both to those who have been cooperating and to those who have not, to state the position as a matter of record. Accordingly I will give the oil position in Canada, with statistics which we have regarded as confidential but which I have ascertained can be placed on record here.

As nearly as we can anticipate war demands upon us, there appears to be no doubt that our requirements for crude oil and finished products without conservation in the coming year will be at least 64,000,000 barrels, an increase of approximately 10,000,000 barrels over the year 1940. This total requirement must be provided for in the following refinery areas:

	Barrels
Maritimes	10,500,000
Quebec	16,000,000
Ontario	20,500,000
Prairies	9,500,000
British Columbia	7,500,000
Total	64,000,000

It is difficult to estimate at this time what the Canadian production will be over the coming twelve months, but it is doubtful if it will exceed in volume that of the year 1941, namely, 9,500,000 barrels. Thus 54,500,000 barrels must be brought in from the outside. Having regard to our tanker position and the importance of getting along with the minimum of ocean tanker tonnage, the pipeline into Sarnia and tankers on the inland waterway must be operated to capacity. The plan proposed is as follows:

	Barrels
Import via the Sarnia pipeline	10,700,000
Import by lake tanker	13,800,000
Import by ocean tanker	30,000,000

Imports by the Sarnia pipeline amount to the full capacity of that line, while imports

by lake tanker come from other points on the great lakes which are supplied by pipeline, such as Buffalo, Toledo, and one or two other points.

Having regard to the geographical locations of refineries in relation to available sources of supply, there appears to be no alternative plan but the following:

Refining area	Canadian production Barrels	Via pipeline (Sarnia) Barrels	Via lake tankers Barrels	Via ocean tankers (including via Portland-Montreal pipeline) Barrels	Total Barrels
Halifax	.....	.....	.....	10,500,000	10,500,000
Quebec	.....	.....	4,000,000	12,000,000	16,000,000
Ontario	.....	10,700,000	9,800,000	.....	20,500,000
Prairies	9,500,000	.....	.....	.....	9,500,000
British Columbia	.....	.....	.....	7,500,000	7,500,000
Total	9,500,000	10,700,000	13,800,000	30,000,000	64,000,000
Percentage	14·8	16·7	21·5	47	100

The Sarnia pipeline is the only pipeline feeding Canadian refineries direct from United States crude-producing areas, namely the mid-continent and Illinois fields. This pipeline operating to capacity is capable of handling the 10,700,000 barrels hereinbefore referred to. This pipeline serves the Sarnia refinery only, yet it has not sufficient capacity to take care of the entire needs of this refinery. The remaining requirements of the Sarnia refinery, as well as the requirements of the other refineries in Ontario total 9,800,000 barrels, which must be brought in by lake tankers. In addition to this movement of crude, it is planned to move 4,000,000 barrels of crude from Toledo to Montreal by lake tankers, to save ocean tanker movement. Thus we shall have a total contemplated movement of crude by lake tanker to the extent of 13,800,000 barrels.

With regard to the question of lake tankers, it must not be overlooked that these same vessels back-haul to various marine terminals over 20,000,000 barrels of finished petroleum products. In order to bring in the 30,000,000 barrels to the refinery areas where this product is needed, we will require the equivalent of 16·8 ocean tankers with a capacity of 100,000 barrels each. The ocean tanker capacity required for this movement is as follows:

	Crude required Bbls.	Tanker capacity required Bbls.	No. of Tankers 100,000 bbls. each
Halifax	10,500,000	680,000	6·8
Montreal refineries	12,000,000	750,000	7·5
British Columbia	7,500,000	250,000	2·5
Total	30,000,000	1,680,000	16·8

We have available to-day eight Canadian-flag and six Norwegian-flag Canadian chartered ocean tankers having an average capacity of approximately 95,000 barrels each, or the equivalent of 13·3 vessels of 100,000 barrel capacity each. Therefore, the total ocean tanker capacity at present under Canadian control amounts to 1,330,000 barrels. Assuming that we shall be able to hold all these vessels, particularly the Norwegian, and experience no sinkings, we are short ocean tanker capacity of 350,000 barrels, or 3·5 vessels of 100,000 barrel capacity each.

As before stated, it is planned to move 4,000,000 barrels of crude from Toledo to Montreal by lake tanker in order to relieve the pressure on ocean tankers. In order to do this we will require 10·2 additional lake tankers of 21,000 barrel capacity each over and above the lake tankers owned or controlled in the Canadian service. It is possible that by an exchange of products the refiners may be able to reduce the requirements of 10·2 lake tankers to 7·2 lake tankers. If the American flag lake tanker tonnage now on the great lakes and available to Canadian companies in the past remains available in the future, it may be possible to overcome this lake tanker tonnage by chartering American vessels. The fact, however, remains that we are short 3·5 ocean vessels having a capacity of 100,000 barrels each, and at least 7·2 lake tankers over and above those owned or at present controlled in the Canadian service in order to bring in the 43,800,000 barrels which must be provided by ocean or lake transportation.

It must also be borne in mind that six of the Canadian chartered tankers are Norwegian flag. By arrangement between the sovereign government of Norway and the government of Great Britain, all Norwegian tanker tonnage is earmarked for the battle zone. Two Norwegian tankers which were in the Canadian service earlier this year were taken at the time Norwegian tanker tonnage was turned over by the United States government. Should sinkings again become excessive and/or should Britain require additional tanker tonnage over that which she now has, there is every likelihood that these six Norwegian tankers would be taken. In any event there is no certainty that they can be held in the Canadian trade for the duration of the war.

It must be noted that the refinery operations and supplies required at Halifax are almost entirely war effort. The refinery at Halifax is being operated to capacity on a heavy crude in order to produce the maximum yield of heavy oil. Strange as it may seem, gasoline is a by-product. Although operating this refinery to capacity, it will be necessary to bring in at least 800,000 barrels of diesel oil as such to meet our war demands.

It must also not be overlooked that a substantial part of our requirements on the Pacific coast are also war effort. The storage on the Pacific coast must at all times be filled to capacity, and as the fuel oil is drawn from the storage it must be replaced without delay. In addition to the requirements on the Pacific coast for war effort, our railways must have at least 2,600,000 barrels of fuel oil in order to provide the service expected of them.

Mr. HANSON (York-Sunbury): Will the building of the pipeline from Portland to Montreal change the position? Perhaps the minister intended to deal with this later.

Mr. HOWE: Yes, it does affect the position in that its use will cut down the required number of tankers. I believe it saves about two tankers by shortening the distance from the source of the crude to the end of the pipeline. Of course, without this pipeline we would be in a most serious position indeed.

The following table gives Canada's inventory position as of October 1, 1941, as compared with October 1, 1940; following also is Canada's inventory position as at July 1, 1941, as compared with July 1, 1940, in barrels:

INVENTORY DIFFERENCES
Between October 1st, 1940 and October 1st, 1941

Refinery inventories—	Maritimes	Quebec	Ontario	B.C.	Total
Crude oil	265,262	588,927	476,404*	58,138	435,923
Unfinished products	460*	246,662	27,843	130,731*	143,314
Aviation gasoline	53,487*	57,896*	58,498*	4,335*	174,216*
Other gasoline	21,265	104,416	533,076	50,128*	608,629
Light fuel	21,661*	102,720*	129,217	55,231	60,067
Heavy fuel	33,172*	112,419	44,875	224,882	349,004
	177,747	891,808	200,109	153,057	1,422,721
Marketing inventories—					
All gasoline	88,853	6,000*	348,164*	18,422	246,889*
Light fuel	15,002*	1,865*	22,771*	2,145*	41,783*
Heavy fuel	28,646*	18,461	84,636*	33,467*	128,288*
Total deficiencies	222,952	902,404	255,462*	135,867	1,005,761

* Indicates increase in inventory; other figures are decreases.

INVENTORY DIFFERENCES
Between July 1st, 1940, and July 1st, 1941

Refinery inventories—	Maritimes	Quebec	Ontario	B.C.	Total
Crude oil	416	189,084	473,041*	98,838*	382,379*
Unfinished products	13,832*	47,642	78,931	31,761*	80,980
Aviation gasoline	80,878*	25,089*	22,163*	904*	129,034*
Other gasoline	49,533	238,614	608,571	46,267*	850,451
Light fuel	48,504*	84,828	34,653	18,536	89,513
Heavy fuel	10,714*	176,431	73,824*	271,025	362,918
	103,979*	711,510	153,127	111,791	872,449
Marketing inventories—					
All gasoline	56,000	30,000	456,241*	20,000*	390,241*
Light fuel	15,567*	24,444*	85,456*	20,785	104,682*
Heavy fuel	7,981*	23,219*	59,679	91,619*	63,140*
Total deficiencies	71,527*	693,847	328,891*	20,957	314,386

* Indicates increase in inventory; other figures are decreases.

One of the net results is that we are over in aviation gasoline. For obvious reasons we are using aviation gasoline at a much greater rate than ever before and we must have stocks in excess of stocks carried in previous years. For the period October 1, 1941, as compared with October 1, 1940, the refinery inventories are down 1,422,721 barrels and for the period July 1, 1941, as compared with July 1, 1940, we are down 872,449 barrels. There was a great drop in inventory after July 1. During the months of July, August and September, there were the following imports by Canadian refineries, exclusive of the prairies, in barrels:

	Crude receipts, July, August, September		
	1940	1941	Increase
Maritimes	**1,651,374**	1,930,055	278,681
Quebec	6,087,135	6,266,093	178,958
Ontario	4,895,970	5,756,710	860,740
British Columbia	1,574,495	1,385,804	*188,691
	14,208,974	15,338,662	1,129,688

* Indicates decrease.

It is interesting to note that refinery inventories in the maritimes, Quebec, Ontario and British Columbia as of October 1, 1941, are 1,422,721 barrels less than they were on October 1, 1940, and that total refinery and marketing inventories in the same areas are 1,005,761 barrels less than they were on October 1, 1940, notwithstanding the fact that refineries in the three months ending October 1, 1941, received 1,129,688 barrels more than they received during the same three months of 1940.

While the shortage of supplies is more pronounced in the Quebec area—in fact in comparison the inventories are down 902,404 barrels—the fact remains that the Portland-Montreal pipeline will be in operation within a few days. While this pipeline will not be operating to capacity until next spring there should be no doubt about our being able to take care of the needed demands with the assistance of supplies from Ontario refineries.

I should like to go back for a moment to Canadian production. The production of crude petroleum in Alberta in the year 1940 amounted to approximately 8,700,000 barrels. This production fell substantially short of the consumption in the prairie provinces, and necessitated importations as follows:

	Barrels
Crude oil, as such imported from the United States	682,707
White products, as such, imported from the United States	198,520
White products, brought up the lakes by lake tanker in the summer time and stored at the head of the lakes (refined in eastern Canada from imported crude)	842,622

In other words, the production in the west fell short of supplying the consumption to the end that refiners in the west imported 682,707 barrels of crude as such, and marketers and wholesalers imported in addition 1,041,142 barrels of white products.

The comsumption hereinbefore referred to relates to the provinces of Alberta, Saskatchewan and Manitoba, the western edge of the province of Ontario and the eastern fringe of the province of Bristish Columbia, all of which territory is within the economic orbit of Alberta production.

In October, 1940, all refineries in the west were required to make their nominations for the coming year in advance, that is, from 1st November, 1940, until 31st October, 1941. Further, the refineries were requested to build storage at their plants in order to take care of their requirements on a week to week basis. This they did. Further the producers responded to the call for new wells. Fortunately we had a healthy drilling programme. Fortunately we got some good wells. On 30th September, 1941, we had 167 producing wells. On September 30, 1940, we had 126. In the yearly period referred to, forty-one new wells were brought in, and since that time there have been one or two more. In the period January 1 to September 30, 1941, production in Turner Valley field, as the result of new wells and the day to day regular operation, shows an increase of 20·7 per cent over the same period of last year. From January 1 to September 30, 1940, the production amounted to 5,869,648 barrels, and from January to September, 1941—the same relative period—it amounted to 7,084,910 barrels. In the 1940 period, production averaged 21,422 barrels per day, and in the 1941 period it averaged 25,952 barrels per day. It would appear that we are assured a total production of 9,500,000 barrels this calendar year.

This year there have been importations of gasoline from the United States in the same manner as before. Substantial quantities of refined products have been sent up the lakes for distribution in Manitoba and further west. Having regard, however, to the increased production of crude, practically no crude imports have been in evidence this year.

We have had the largest exploratory programme this year in the history of the west. Many structures have been seismographed. There is no question that drilling in new areas will be in evidence next year. There is no doubt also that further new areas will be explored.

We must bear in mind that an oil well is a depleting asset and that we must have new wells and we must find a new Turner Valley. Every effort has been put forward to find this new field.

Many do not realize the extent to which the war effort makes demands upon petroleum supplies.

It is estimated, in any event, the oil controller has been asked to cause refiners to provide for war uses at least 110,000,000 gallons of aviation gasoline over the next twelve months, more than one-tenth of our normal consumption of gasoline. The possibility of obtaining this aviation gasoline outside of Canada has been carefully surveyed and studied. Having regard to the demands on the United States by all countries at war, and the possibility of our not being able to obtain aviation gasoline in the event of any change in war conditions or a further crisis, it is absolutely necessary that we provide for our own aviation gasoline requirements. In order to do this we first must take a cut for this purpose out of the crude that we refine. While we have not as yet taken a cut out of all of the crude produced in the west, it is quite likely that we will have to do so before a great while. After we take a cut for aviation gasoline, we then must provide for heavy and light fuel oil, our next if not equally important war demand. A careful estimate of the present market for fuel oil has been made. A survey has also been made as to ways and means to meet this demand. As you are aware, our industrial war effort, to say nothing about our requirements on the two coasts, depends upon an ample supply, particularly of heavy oil. When the market demand and the available supply is balanced, there is no surplus.

I shall now place on *Hansard*, if I may, the petroleum inventories of the various refining districts for different periods, showing the shortages that have been built up over the last several months, in barrels:

PETROLEUM INVENTORIES
July 1st, 1940 and 1941

1940	Maritime	Quebec	Ontario	B.C.	Total
Crude oil	467,456	1,638,051	1,097,364	283,417	3,486,288
Unfinished	78,950	593,705	672,688	188,323	1,533,666
Aviation	7,190	119,442	30,693	2,908	160,233
Other gas	332,409	926,987	1,293,646	184,545	2,737,587
Light fuel	121,126	315,019	307,315	96,759	840,219
Heavy fuel	278,251	582,577	192,171	359,869	1,412,868
	1,285,382	4,175,781	3,593,877	1,115,821	10,170,861
Marketing					
Gas	436,000	601,000	85,845 1,200,000	159,000	2,481,845
Light fuel	86,138	141,736	43,616 306,679	157,131	735,300
Heavy fuel	59,300	218,032	233,655	364,722	875,709
	1,866,820	5,136,549	5,463,672	1,796,674	14,263,715
1941					
Crude oil	467,040	1,448,967	1,570,405	382,255	3,868,667
Unfinished	92,782	546,063	593,757	220,084	1,452,686
Aviation	88,068	144,531	52,856	3,812	289,267
Other gas	282,876	688,373	685,075	230,812	1,887,136
Light fuel	169,630	230,191	272,662	78,223	750,706
Heavy fuel	288,965	406,146	265,995	88,844	1,049,950
	1,389,361	3,464,271	3,440,750	1,004,030	9,298,412
Marketing					
Gas	380,000	571,000	280,086 1,462,000	179,000	2,872,086
Light fuel	101,705	166,180	29,917 405,834	136,346	839,982
Heavy fuel	67,281	241,251	173,976	456,341	938,849
	1,938,347	4,442,702	5,792,563	1,775,717	13,949,329
Short					
Crude oil	416	189,084	−473,041	−98,838	−382,379
Unfinished	−13,832	47,642	78,931	−31,761	80,980
Aviation	−80,878	−25,089	−22,163	−904	−129,034
Other gas	49,533	238,614	608,571	−46,267	850,451
Light fuel	−48,504	84,828	34,653	18,536	89,513
Heavy fuel	−10,714	176,431	−73,824	271,025	362,918
	−103,979	711,510	153,127	111,791	872,449
Marketing					
Gas	56,000	30,000	−456,241	−20,000	−390,241
Light fuel	−15,567	−24,444	−85,456	20,785	−104,682
Heavy fuel	−7,981	−23,219	59,679	−91,619	−63,140
	−71,527	693,847	−328,891	20,957	314,386

PETROLEUM INVENTORIES
October 1, 1940 and 1941

	Maritimes	Quebec	Ontario	B.C.	Total
1940					
Crude oil	512,481	2,622,209	1,231,887	310,176	4,696,753
Unfinished	118,655	844,470	657,861	117,375	1,718,361
Aviation	7,282	145,532	45,435	1,935	200,184
Other gas	165,528	788,357	1,101,483	131,021	2,186,389
Light fuel	95,233	440,490	485,517	142,281	1,163,521
Heavy fuel	283,607	651,568	349,246	394,937	1,679,358
	1,182,786	5,492,626	3,871,429	1,097,725	11,644,566
Marketing					
Gas	420,853	451,000	1,418,000 174,024	166,482	2,630,359
Light fuel	100,998	287,490	555,731 16,972	159,850	1,121,041
Heavy fuel	62,623	335,562	323,605	299,698	1,021,488
	1,767,260	6,566,678	6,359,761	1,723,755	16,417,454
1941					
Crude oil	247,219	2,033,282	1,708,291	252,038	4,240,830
Unfinished	119,115	597,808	630,018	248,106	1,595,047
Aviation	60,769	203,428	103,933	6,270	374,400
Other gas	144,263	683,941	568,407	181,149	1,577,760
Light fuel	116,894	543,210	356,300	87,050	1,103,454
Heavy fuel	316,779	539,149	304,371	170,055	1,330,354
	1,005,039	4,600,818	3,671,320	944,668	10,221,845
Marketing					
Gasoline	332,000	457,000	1,595,000 345,188	148,060	2,877,248
Light fuel	116,000	289,355	560,644 34,830	161,995	1,162,824
Heavy fuel	91,269	317,101	408,241	333,165	1,149,776
	1,544,308	5,664,274	6,615,223	1,587,888	15,411,693
Short					
Crude oil	265,262	588,927	−476,404	58,138	435,923
Unfinished	−460	246,662	27,843	−130,731	143,314
Aviation	−53,487	−57,896	−58,498	−4,335	−174,216
Other gas	21,265	104,416	533,076	−50,128	608,629
Light fuel	−21,661	−102,720	129,217	55,231	60,067
Heavy fuel	−33,172	112,419	44,875	224,882	349,004
	177,747	891,808	200,109	153,057	1,422,721
Marketing					
Gas	88,853	−6,000	−348,164	18,422	−246,889
Light fuel	−15,002	−1,865	−22,771	−2,145	−41,783
Heavy fuel	−28,646	18,461	84,636	−33,467	−128,288
	222,952	902,404	−255,462	135,867	1,005,761

I now come to the advertisement of the Joy Oil company.

Mr. HANSON (York-Sunbury): I was not able to follow all the figures, but has the minister adequately shown that the position contemplated will be taken care of? Will he give us that assurance, or can he? Maybe he cannot.

Mr. HOWE: As I go on with this explanation I shall show the recent developments. We were very much concerned about it in the spring. We did not know how far the demands of Britain would go. We were told the situation and asked for a certain tonnage. We suggested we could obtain replacements in the United States, but since the crisis developed, I think last June, we have not as a matter of fact received a single tanker load of gasoline or oil products of any kind in United States bottoms. Should we be allowed to keep our present tanker space, in British and Norwegian bottoms, we would have to consider how we should get along, but we believe that with Britain's present situation and the return of certain tankers to the United States we are reasonably assured of fairly adequate supplies for the winter.

Mr. HANSON (York-Sunbury): That answers my question.

Mr. HOWE: However, as I say, considering the heavy war commitments, particularly of the navy, the mercantile marine and the air

training schools, we must retain sufficient grip on the consumption of gasoline to enable us if shortages develop to make up these shortages from gasoline for pleasure driving and other non-essential uses, rather than have the war effort crippled.

I will now discuss the advertisement of the Joy Oil company, which I am sure everyone has read. It is regrettable that in times like the present, when it is so essential that all effort and thought be directed towards the winning of this war, those engaged in this work must find it necessary to lay aside their tasks to answer gross and calculated misstatements made to the public.

Perhaps I should first answer the question of the leader of the opposition as to what the Joy Oil company is. It is a company owned in the United States, the only officer of the company I have met, Mr. Austin, who signed the open letter in the form of an advertisement, being also a resident and citizen of the United States. The company distributes gasoline in only three areas in Canada—the Montreal area, the Toronto area, and the Sarnia area. Its total imports represent about one-tenth of one per cent of the total petroleum products brought into this country.

The Joy Oil company has no assets in this country except distributing stations and storage tanks. It has no refining equipment. It owns no tankers. It has no facilities other than those for distribution. It has been operating through the past several years by buying gasoline in any part of the world in which it can be bought, renting tanker space to bring it to Montreal, and distributing gasoline from there. In the past several years, of course, gasoline was a drug on the market, particularly in north America, and it was easy to buy gasoline as such, I dare say even at bargain rates, and very easy to rent tankers because there was then a surplus of tankers, and charter rates were low. The result was that the Joy Oil company was able to bring in gasoline and to undersell Canadian refiners who had a heavy investment in refining capacity and reliable sources of supply.

Mr. MacNICOL: Except for the Turner Valley their supply sources were outside of Canada?

Mr. HOWE: The Joy Oil company?

Mr. MacNICOL: No, other companies. I thought the minister said importations.

Mr. HOWE: The Canadian refiners have had facilities for bringing in gasoline from wells controlled by Canadians or from other sources of supply that were reliable. They had facilities for bringing in oil for refining by themselves.

Mr. MacNICOL: I beg the minister's pardon. Perhaps I misunderstood him. He was speaking about importations, and I interjected to ask him if the supply, for the most part, did not come from outside Canada; that is, apart from Turner Valley.

Mr. HOWE: Yes,—entirely. It comes in as crude and is broken down into all the components we use. From the crude we get fuel oil, gasoline, heavy lubricating oils, and all the various components of crude oil, as Canadian products.

In the Joy Oil open letter to the Prime Minister of Canada, as published in the form of an advertisement in certain Toronto newspapers, an attempt is evidently being made to create the impression that Canada at no time faced a shortage in petroleum products, that the shortage in ocean tank tonnage was not real, and that it was simply a scheme of major oil companies to gain their own ends. Nothing is farther from the truth.

The President of the United States, directly and indirectly through various government bodies, ordered the oil companies owning and operating tankers under charter to deliver tankers to Britain under the lease-lend arrangements. The oil companies of the United States had no alternative, and they had nothing to do with it, other than to comply with the demands which were made upon them. I have before me a copy of a memorandum in regard to a meeting held in Washington on May 14, between Sir Arthur Salter, head of the British shipping mission in the United States, and representatives of the United States maritime commission, and Mr. Wilgress of the Department of Trade and Commerce and Mr. A. L. M. MacCallum of the Canadian shipping board, at which time the supply of tankers to Britain from the Canadian service was discussed. I have also before me a memorandum setting forth Britain's petroleum supply position and tanker position, which was left with me by Sir Arthur Salter just about the first of July. This memorandum sets forth in detail, with supporting documents, Britain's petroleum stocks, tanker losses and urgent needs. I have also in my hand a copy of a letter written by Sir Arthur Salter to the oil controller for Canada dated July 2, 1941, in which Sir Arthur on behalf of Britain requested the following:

1. The immediate release for United Kingdom service of eight Norwegian tankers then chartered to Canadian oil companies.

2. The release of eight Canadian flag ocean-going tankers for service as soon as the St. Lawrence was closed to navigation.

These sixteen tankers, I may say, were all of the tankers owned or then under charter by Canadian companies.

3. The release to Britain of as many lake tankers as possible, said lake tankers to be used in the coastal service around Great Britain with a view to relieving ocean tanker tonnage which at the time was being employed in this coastal service.

In other words the urgent request which came at that time was for all of the tankers that Canada owned or had chartered, with a number of tankers that had never been previously operated other than on the great lakes. In fact it was suggested that arrangements might be made immediately to replace the eight Canadian-flag boats with United States-flag boats which were then in the shuttle service under the first arrangement made with the United States by Britain for the supply of tankers. We were asked immediately to change our boats for United States-flag tankers and to send all our fleet to Britain.

Following delivery of this memorandum of the facts by Sir Arthur Salter, and realizing the seriousness of the situation as far as Britain's supply of petroleum products was concerned, I immediately conferred with the oil controller, and it was decided to direct the companies having Norwegian tankers under charter to turn them over to Britain without delay. It was further agreed with Sir Arthur Salter that the eight Canadian-flag tankers could go into the United Kingdom service as soon as navigation in the St. Lawrence closed, provided of course that we would receive in return equal replacement tonnage out of the shuttle service.

As I have before stated, these sixteen tankers were all that were owned or controlled by Canadian importers. Nevertheless we figured that we could depend on replacements out of the shuttle service for our war needs.

To make the statement, therefore, or even cast the reflection that this tanker situation was the instrument of anyone other than the urgency of Britain, is an entire misrepresentation of the facts, is misleading, and damaging to our war effort.

Further, in the advertisement reference is made to the ocean and lake tanker tonnage available, that is, the Canadian-flag ocean tankers in the Canadian trade and the Canadian tanker tonnage available for ocean service. Associated with that statement is one setting out Canada's requirements, following which there is a definite statement that there is an excess of ocean tanker space over and above the requirements.

[Mr. Howe.]

While an order in council was passed prohibiting the advertising by anyone of ships in the Canadian service, the Joy Oil company proceeds to give the information in a public statement. Neither the statement as to Canadian-flag ocean tankers nor the one in regard to small Canadian-flag lake tankers is correct. In the first place, the ocean tanker *Canadalite* is listed as available ocean tanker tonnage. This ship was lost in the battle zone in March of this year. Further than this, the advertisement incorrectly places the *Trontolite*. This tanker is listed with the lake tankers and is left out of the ocean figures. Even however, if the *Trontolite* were included in its proper category there is a discrepancy of 210,592 barrels, or the equivalent of two large ocean-going tankers. In other words, the cargo-carrying capacities of ocean tanker tonnage which remained available to us total 1,336,600 barrels and not 1,547,192 barrels as published. The figures shown in the advertisement indicate the deadweight capacity of each vessel and not the cargo carrying capacity. Fuel, water and ship's stores naturally reduce the deadweight capacity.

As regards the small Canadian-flag lake tankers referred to in the advertisement as available for ocean service, this list is not correct, neither is the tonnage correct. As before stated, it includes the *Trontolite;* further, however, it leaves out three small lake tankers of an aggregate capacity of approximately 56,000 barrels. The aggregate figures are wrong inasmuch as the *Trontolite,* which was included, has an aggregate capacity of 73,000 barrels; further, the inclusion of the *Britamette* as having a capacity of 21,000 barrels, when this ship's capacity is only 2,200 barrels. Regardless, however, as to the total tonnage of lake tankers available to us, it is an accepted fact that the majority of these vessels are not fit for ocean service. While they might be used in the Caribbean, there is grave doubt that they could be used in the north Atlantic winter run, as suggested.

Reference is made to ocean tanker requirements at 1,380,000 barrels. What period these requirements refer to is not stated. In the light, however, of the information I have already given, the statement can only be looked upon as intentionally misleading. You will recall that the tanker requirements by ocean tankers was 30,000,000 barrels. I do not know what the allusion to 1,380,000 barrels was intended to refer to.

As I have before stated, there is no excess ocean tanker space. There is a shortage, and that shortage is becoming greater every day, as was also shown in the inventory figures which I have given.

The letter to the Prime Minister as published states that unless the Joy Oil Company Limited can get its share of tanker space allocated to it by the government, its stations will run out of gasoline and it will be forced either to close down or to buy from the big oil companies and raise its price to the public four to five cents a gallon. It is clear from the figures I have given that there are no tankers to be made available from those in the Canadian service, unless we place the business of the Joy Oil company in three congested areas, selling motor gasoline to the motoring public, ahead of our national requirements. The Joy Oil Company Limited and/or anyone claiming to be associated with it has never been refused a permit to bring gasoline into Canada. It is free to buy gasoline wherever it wishes. If, on the other hand, gasoline is not now available at prices which will enable these companies to retail their gasoline at cheaper prices, that is no fault of ours.

That no doubt is a condition arising out of supplies of gasoline in the western hemisphere —in other words, arising out of war conditions.

The oil controller, or anyone associated with him, has at no time objected to the petroleum coordinator or the maritime commission of the United States supplying the Joy Oil company with tanker tonnage, excepting that the oil controller has refused to permit the requirements of the Joy Oil company in the way of tanker tonnage to take precedence over tanker tonnage which was being requested by him to take care of Canada's national war effort. The requests by the oil controller for tanker tonnage to build up reduced inventories have not as yet been satisfied, and in the light of the figures I have given the committee, it would not be otherwise than criminal to give the supply of motor fuel for the Joy Oil company precedence over that which we require in order to carry on our war effort.

Having regard to the gasoline purchased by the Joy Oil company in Trinidad, on the 24th June of this year, the office of the high commissioner for the United Kingdom in Ottawa informed the acting under-secretary of state for external affairs, by letter, that owing to a shortage of tankers it had become necessary to draw all supplies for the United Kingdom from the nearest sources, and sterling oil, which formerly came from Iran et cetera, had to be replaced by supplies from the west. I read the letter as follows:

My Dear Mr. Robertson:

The high commissioner has received a telegram from the secretary of state for dominion affairs on the following subject.

The petroleum department have stated that Trinidad Leaseholds Limited entered into negotiations with two Canadian companies, Austin of Joy Oil Company, and Sun Oil Company, to supply them with motor spirit from Trinidad.

Owing to the shortage of tanker tonnage it has become necessary to draw oil supplies for the United Kingdom from the nearest sources, and sterling oil, which formerly came from Iran, et cetera, has had to be replaced by supplies from the west. As a result Trinidad's former surplus of motor spirit has been absorbed and Trinidad Leaseholds Limited are now unable to implement their arrangements with the two Canadian companies.

The high commissioner has been asked to explain their position to the Canadian authorities and to stress that the offer of supplies made by Trinidad Leaseholds Limited was made in good faith, that their inability to implement it has arisen out of circumstances over which they have no control, and that they are in no way to blame for the present difficulty.

Yours sincerely,

W. C. Hankinson

One other Canadian company not negotiating with Trinidad Leaseholds Limited had arranged for their total supply of aviation base stock in Trinidad, aggregating more than eight million gallons. This supply was also cut off by the petroleum department of Great Britain.

Hon. members will therefore see that it was not the oil controller who denied the Joy Oil company the Trinidad gasoline; it was the petroleum board of Great Britain. They will see that the Joy Oil company was not the only company affected by this act. Two others operating in Canada were also affected.

Reference is also made in the advertisement to increased costs to the public and the government. I have been wholly in accord with the controller's policy to bring in our petroleum requirements even at increased costs, using every form of transportation that was available, and also in favour of the increased cost being added to the cost of the product. Had it not been for this policy, the inventory position of Canada, as I have already quoted, would not be as good as it is to-day. I approved the increase of one cent which was put on in July. This increase applied to all Canada, but as far as the prairie provinces are concerned, this increase went back to the producers of Alberta oil. In other words, in order to stimulate production, an increase of 27 cents a barrel was approved to the producers of Turner valley crude. A further increase of one cent as of October 1 last was made with the concurrence of the war-time prices and trade board. This was based on statements supplied by the distributing companies showing their increased costs. These statements were checked up by the oil controller's office.

Reference is also made in the Joy Oil letter to the loss of gasoline tax to the federal government through gasoline rationing. This cut

applied only to service stations and certainly did not, as suggested by the letter, cover all the gasoline sold in Canada.

Reference is also made to the loss of customs duties through excluding imports. This statement is characteristic of the whole advertisement. It is entirely misleading, because there has been no prohibition of imports that I know of.

While I am on the subject, I should like to say something about the price of gasoline. It has been suggested that every move made by the oil controller has put money into the pockets of the oil companies; that is, by stopping credit cards it was a saving to the oil companies—a fairly large saving. As I have said, there have been two increases, one in July of one cent a gallon and one in October of one cent a gallon. But I would point out that the increase on gasoline at the gulf, where all the gasoline comes from, has been more than two cents—that is, two cents based on the small United States gallon, which is somewhat more when translated into cost, in Canadian money, of the Canadian gallon. The price in New York city, which is a very large retailing centre, both tank wagon price and retail price have been advanced two and a half cents a gallon. We have kept rigid control of gasoline prices since the institution of the office of the oil controller. The refiners have had to contend with a very sharp rise in the price of crude oil, and they have had to contend also with greatly increased transportation costs. Strangely enough, the cost of obtaining oil from pipeline is considerably more than obtaining it by ocean tankers.

Mr. HANSON (York-Sunbury): By water.

Mr. HOWE: Yes; and, of course, tank cars have had to be used to a much greater extent than formerly, which greatly increases the cost of the industry. What has been done has been to calculate carefully the additional cost as against the additional saving that has been made by the methods of the oil controller.

We have a staff of accountants engaged constantly in studying the problem. We have not granted the increases which the figures seemed to demand. We have said that the oil companies must share some of the hardships with the Canadian public, but we have insisted that the oil companies obtain crude oil from every source from which it can be obtained and in the largest volume in which it can be obtained, more or less regardless of cost; and we have tried to adjust the cost over all the users of the product.

[Mr. Howe.]

I do not think anyone can say that the oil controller's office has not been well administered. As I say, increases in cost that have been authorized have been less than those that have prevailed in the large markets to the south of us.

We have asked for the cooperation of the people in cutting down pleasure driving. The effect of that was to cut down the increase that had occurred in 1941 over 1940. Whereas the July, 1941, figures of consumption were twenty per cent over the figures for July, 1940, the September figures, I am happy to say, were just even with the consumption for September, 1940. That much we have done and I think it was a great step in advance. Now, what about the future?

Mr. HANSON (York-Sunbury): Before the minister leaves that, apropos of the increase of two cents to the consumer of gasoline, and the minister's previous statement that in some areas of Canada crude for the navy and war requirements and the merchant marine was the main objective, and that gasoline had become a by-product, is he able to assure the committee and the country that, with regard to the two cents a gallon which the public are now paying for gasoline, over what they were paying, and having regard to the factor that crude is in some important centres the main requirement, the Canadian public is not being asked to assume an undue burden? How about the distribution of the increased cost as between gasoline and crude? Is it all being passed on to the Canadian consumer? If the minister had an audit, as he said, it would be some reassurance to the Canadian public that they were not being asked to bear an undue proportion of the increase in the price of gasoline. I do not know anything about it, but I am looking for light and I think the minister should give the public these figures in the form of an auditor's certificate. Has the price of crude to the navy and the merchant marine and the government of Canada, whoever is the purchaser, been kept stationary, or has that had a relative increase also? Only part of the story has been told. I have no attack to make on anyone. I think the minister has answered the charge of the Joy Oil company perhaps fully, but I think the whole story of the increase of two cents in the price of gasoline to the ordinary consumer has not yet been told.

Mr. HOWE: Every effort has been made to assess the increase in the cost of crude evenly over the products. Of course the same crude makes the fuel oil and the gasoline.

Mr. HANSON (York-Sunbury): What has been the increase on the diesel fuel?

Mr. HOWE: There has been an increase; we are, I suppose, the chief buyers of fuel oil. I am assured by my officers that it is in proportion to the yield of crude oil as against gasoline.

Mr. HANSON (York-Sunbury): What has been the increase?

Mr. HOWE: I cannot say. I shall be glad to place a statement on *Hansard* showing the increase on all by-products.

Mr. MacNICOL: Before the minister proceeds, may I ask a question? The minister spoke about control over the sale of gasoline. Here is what I went through one afternoon, which I do not think should be described by the word "control." My gasoline was running low, and I drove to the first gas station I came to on St. Clair avenue in Toronto. The attendant said, "Sorry, we are out of gas." I said, "Have you no gas in your tanks?" "Oh, yes, lots of gas in the tanks, but we have sold our quota for to-day." I drove to the next gasoline station and was told the same thing. I drove to a third and was told the same. I asked the same question in each case, and the answer was, "Yes, we have lots of gasoline but we have sold our quota for the day." I drove to another station and before I had time to ask the young man said, "Shall I fill her up?" I said, "Yes, fill her up."

That is not gasoline control. Had I been on a serious errand of life or death and run out of gasoline and they had told me, "Yes, we have lots of gas but have filled our quota for the day and cannot give you any more," what would have been my position? That is not control. I should like the minister to tell us whether the rationing system has been properly surveyed. For instance, all this week my car is standing in the garage, I am not using any gasoline. When I go away for a month my car is in the garage. But when I come back, not having used any gasoline for some time, I am told, "Yes, the tanks are full, but we cannot sell you any." That kind of control is a farce. Surely there is some sensible way of rationing gasoline.

Mr. HOWE: My hon. friend says it is not control, but it is one kind of control. It is control of consumption. If we cut the sale of gasoline by twenty per cent we have saved that twenty per cent. I admit at once it is a crude way, but it is a quick way; it was adopted by the United States on the eastern seaboard and was adopted in Canada to consolidate our gains. We wanted a reduction in gasoline consumption; we achieved it in that way; it has worked from the government point of view, but perhaps not so well from the point of view of the public.

Now we are working towards a rationing system for gasoline. In due course it will be necessary to have a coupon book in order to obtain gasoline. Why have we not done it before? It is a very complex problem. First you have to determine the classification of users; then you have to decide the relative amounts that should be given to this and that user. It is not easy; it took England eighteen months to put her rationing system in operation.

Mr. HANSON (York-Sunbury): It is operating there now.

Mr. HOWE: Yes, definitely, but it was a difficult problem. It was not working well when I was there; they were still making adjustments. In Canada, which is more highly mechanized, more dependent upon internal combustion engines, it is much more difficult. The mere printing of the coupon books is no small task. That work, however, is well under way. It is the only fair method. Each man is given so much gas per month, according to his needs; if he wishes to use it all in a week, that is his affair.

Mr. ROSS (St. Paul's): Could the rationing not be done through the provincial governments in connection with the licensing system?

Mr. HOWE: As a matter of fact that is what we have in mind, we hope to have the two issued concurrently. The purpose of the control is to save gasoline and nothing else. It has been the purpose of the oil controller to bring into Canada every gallon of petroleum products he can bring in. I notice editorials are beginning to appear stating that the real reason behind this control is the saving of United States exchange. It is true that petroleum products do constitute the greatest single drain on our United States exchange. But the purpose of oil conservation has not been to save United States exchange. We have been conserving gasoline because if we give it to the pleasure driver we go short in the war effort.

The United States furnished a large number of tankers to the British government and Canada furnished its share, a fair number of our Norwegian flag tankers. The United States is getting a number of its tankers back; we are not getting any of ours back. At the moment the situation in Canada is no better, because we have no more new tanker space; our stocks to-day are lower than they have ever been since the war started.

But we have the Montreal pipeline coming into operation, which will help somewhat, and we know that as soon as the situation in the United States is squared away they will give

us some help. We hope the situation this winter will be better. We are going to put in a flexible system of rationing, and we are going to make the rations just as liberal as our supplies of gasoline will permit. At the beginning of each month, or perhaps earlier, the oil controller will announce how many gallons of gasoline a coupon will entitle a person to obtain, and we hope it will entitle a driver to as many gallons as he will want to use. If it does not it will be because the gasoline is not available; but we shall be in a better position to deal with another shortage if one should occur. And it is very likely to occur. The submarines are out again; winter is coming on, and the prospects are not too bright. If there are sinkings in anything like the proportion of last winter, there will be another shortage in the spring. Through a system of rationing, we shall be able to distribute the gasoline not required by the war effort, to the citizens of Canada for non-war purposes as equitably as possible.

There is everything to be said for a rationing system. The public are, I think, more or less demanding it, and we believe that it is the fairest and best system to adopt. The reason why it is not in effect to-day is that it has not been found possible to organize its administration so quickly.

Mr. HANSON (York-Sunbury): I am glad to hear the minister say that at last the government are becoming realistic in connection with the matter of rationing in the present gasoline situation. An ordinary member of parliament cannot visualize the difficulty of putting into effect a system of this kind, but such a system is in operation in England and it is just too bad for anyone who does not take care of his position over there. As far as I know anything about public opinion, I believe the public of Canada will welcome any decent system of rationing if it is in the interests of the war effort of this country. I do not believe there is any sacrifice the loyal people of Canada are not prepared to make, and surely this is one of the least that could be asked.

Under the system of moral suasion and appeals to save gasoline I do not think our people have taken the matter very much to heart. I heard of the case of a gentleman in the city of Toronto who put up his cars and walked. Yet one day he was confronted with the spectacle of hundreds of cars coming away from the Woodbine race track, each one with a V for victory on the windshield. That is the sort of thing that makes one sick to contemplate, the thoughtlessness of people.

Mr. HOWE: Nevertheless the saving was very considerable.

Mr. HANSON (York-Sunbury): I agree that there was a saving, but it was brought about by the conscientious people of this country rather than by those who were thoughtless, and I am not going to characterize them in any other way.

I should like to throw out this suggestion to the minister for his consideration when he comes to deal with this question of rationing. I suggest that those who are careful to keep their consumption of gasoline as far as possible under the limit might be given credit for being so careful, so that, if an emergency should arise during a succeeding month, they might be able to take advantage of what they had saved previously. What I mean is that a credit created by a non-user in this way might be stored up, to be used by that person in case of an emergency, so that the gasoline represented by the coupons not used would not be wiped off the slate at the end of the month. It may not be possible to adopt that suggestion, though I do not see why it should not; but I commend it to the minister and his advisers when they come to consider this rationing system.

Mr. CASTLEDEN: What was the basis of the allotment when the supply to distributors was reduced this fall?

Mr. HOWE: I do not remember the exact figure; it was either fifteen or twenty per cent, based on the records of the previous year.

Mr. CASTLEDEN: For any particular month?

Mr. HOWE: Month by month; that is, each month was compared with the same month of the previous year.

Mr. CASTLEDEN: It was not based on the July consumption, for instance?

Mr. HOWE: No; I think July was based on July, August on August and September on September.

Mr. CASTLEDEN: Of the previous year?

Mr. HOWE: Yes. I spoke of two increases, each of one cent, in the price of gasoline. So far as the prairie provinces were concerned, there was only one increase, for the reason that the cost there was largely local cost. The only lift in price to the refineries there was the 27 cents a barrel which brought about the first increase of one cent a gallon.

Mr. CASTLEDEN: Has the minister the figure with regard to the increase in consumption in June, 1941, as compared with June, 1940? He gave the figure for July as twenty per cent.

Mr. HOWE: It is practically six o'clock now, so perhaps we might resume this discussion on Monday when all the figures will be available. Would it suit the hon. member to ask that question at three o'clock on Monday?

Mr. CASTLEDEN: Yes.

Mr. WRIGHT: Is it contemplated that there will be any necessity for the rationing of gasoline used for agricultural purposes?

Mr. HOWE: No. That is regarded as a war need and will be protected. Just how it will be protected I could not say, but it will be done.

The committee rose and obtained leave to sit again at the next sitting of the house.

On motion of Mr. Mackenzie King the house adjourned at 6 p.m.

Monday, November 10, 1941

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

IMPORTS FROM JAPAN

Mr. DESMOND:

1. How many permits have been issued by the Minister of National Revenue for the importation into Canada of goods from Japan, the Japanese empire or Manchuria since the passing of order in council P.C. 7473?

2. What was the nature of each commodity, the importation of which was provided for under such permit, and what was the total monetary value of the importation under each such permit?

Mr. GIBSON:

1. None.

2. Answered by No. 1.

REFUNDS OR REMISSION OF CUSTOMS DUTY

Mr. DESMOND:

1. How many refunds or remissions of customs duty and taxes have been granted pursuant to order in council 86/7474?

2. What is the total amount of such refunds or remissions?

Mr. GIBSON:

1. Refunds 1; remissions 27.

2. Refunds, $101.35. It is impossible to state the amount to be remitted until the articles imported for temporary use are duly exported, inasmuch as the articles are in Canada for varying periods of time and the duty and taxes on a proportionate basis are collected monthly.

CANADIAN BROADCASTING CORPORATION—ADDRESSES OVER UNITED STATES SHORT WAVE STATIONS

Mr. REID:

1. How many addresses were contracted or arranged for by the Canadian Broadcasting Corporation over United States short wave radio stations during the year 1941, to the end of October?

2. What amounts of money were paid by the Canadian Broadcasting Corporation for such short wave addresses to countries other than the United States during this period?

Mr. THORSON:

1. Six broadcasts in the series "Canada parle a la France" were broadcast over short wave station WRUL, Boston, during 1941 up to the end of October. Each broadcast contained addresses by three individuals.

2. The cost of the necessary wire lines to the American border required to feed these programmes to short wave station WRUL has been $90. No fee was paid for the talks.

EXPORT OF STEEL SCRAP FROM BRITISH COLUMBIA

Mr. REID:

1. How many permits for the export of steel scrap from the province of British Columbia were issued during the past five months, and for what tonnage in each case?

2. To whom were these permits issued?

Mr. MacKINNON (Edmonton West):

1. Sixteen permits were issued.

Date	Tonnage
July 28	5,600
August 1	1,500
August 1	2,000
August 6	5,000
August 14	150
August 18	250
August 27	250
August 27	6,000
September 3	1,000
September 6	100
September 16	500
October 9	200
October 16	300
October 16	1,500
October 31	300
October 31	6,000

2. It is contrary to government practice to table any information which would reveal the private business of individual concerns.

SALVAGE CAMPAIGN—STEEL FROM SCRAP METALS

Mr. JOHNSTON (Bow River):

1. How many organizers have been appointed for the salvage campaign?
2. What salary or allowance is being paid to each organizer?
3. Is the Department of Munitions and Supply in need of the steel produced from the scrap metals so collected?

Mr. THORSON:

1. Six.
2. Salary: $2,880 per annum.
3. The chairman of the war-time industries control board and the steel controller, Department of Munitions and Supply, advise that scrap iron and steel in all forms is urgently required.

WAR-TIME MORATORIUM

Mr. CHURCH:

Will consideration be given to a national moratorium on all mortgages on land, including homes and other buildings, under the War Measures Act, for the period of the war and two years thereafter on, (a) property owned or leased by civilians, (b) property owned or leased by members of His Majesty's forces?

Mr. ILSLEY: This question relates to a matter of policy and it is not usual for the government to make statements on matters of policy in giving replies to questions.

PENSIONERS OF GREAT WAR NOW SERVING IN HIS MAJESTY'S FORCES

Mr. FAIR:

Does a pensioner from the last war who is now serving in his majesty's forces receive his full pension, as well as pay and allowances according to his rank?

Mr. MACKENZIE (Vancouver Centre): Serving members of his majesty's forces receive any pension, payable under the provisions of the Pension Act, on account of a disability related to service in the last war.

TRADE WITH GERMANY, 1933-39

Mr. FAIR:

What was Canada's balance of trade with Germany in the years 1933, 1934, 1935, 1936, 1937, 1938 and 1939?

Mr. MacKINNON (Edmonton West):

Calendar Year		Excess Imports for consumption (i) or Total Exports (e)
1933	(e)	$ 705,767
1934	(i)	4,017,289
1935	(i)	6,084,193
1936	(i)	4,403,388
1937	(i)	183,932
1938	(e)	8,399,446
1939	(i)	1,053,542

[Mr. J. A. MacKinnon.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

WAR-TIME MERCHANT SHIPPING BOARD

Mr. REID:

1. In what city is the headquarters of the organization known as the "War-time Merchant Shipping Board"?
2. What are the names of the directors and who is the chairman?
3. How many offices have been set up by this organization and where is each located?
4. What are the names of the staff and personnel connected with the War-time Merchant Shipping Board in, (a) Montreal; (b) Vancouver?
5. What were the occupations of the directors and staff previous to their appointment or attachment to the said board?
6. What has been the total expense to date of this board?

HOUSING PROJECTS

Mr. NICHOLSON:

1. How many staff houses have been completed by War-time Housing Limited?
2. How many people are housed in the staff houses?
3. How many are employed on the staff of War-time Housing Limited and what has been the cost of its administration to date?
4. How many houses is it building in Wrightville and what war industries are they to serve?
5. What control has the Department of Finance over types of construction used?
6. How much money will be required to complete war-time housing projects which will have been started by December 31, 1941?
7. What is the total value of contracts awarded to Pigott Construction Company to date?

MUNITIONS AND SUPPLY—CROWN PROPERTIES

Mr. CHURCH:

1. How many crown properties have been established by the Department of Munitions and Supply during this war, and where are they located?
2. What was the total cost of any such properties which have been purchased, on what terms were they acquired and where are they located?
3. Are any municipal taxes paid after acquisition by the government, (a) for general tax rate, (b) for local improvements?

MOTIONS FOR PAPERS

APPOINTMENTS TO PUBLIC SERVICE SINCE SEPTEMBER, 1939

Mr. ROSS (St. Paul's):

For a return showing:—1. The total number of employees of the government of Canada, including employees of boards and commissions, appointed by federal authority, as of the following dates, viz:—September 1, 1939; September 1, 1940; September 1, 1941; November 1, 1941.

2. The total amount of salaries, wages and allowances paid to such employees in each of the following months, viz.:—August, 1939, August, 1940; August, 1941; October, 1941.

3. The total number of employees who have been appointed since September 1, 1939 (a) for work not directly associated with the war; (b) for work directly associated with the war.

BUSINESS OF THE HOUSE

MOTION TO ADJOURN TO JANUARY 21, 1942, AFTER FINAL SITTING OF COMMITTEE OF THE WHOLE

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

That when this house adjourns after the final sittings of the committee of the whole it stand adjourned until January 21, 1942, provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with His Majesty's government, that the public interest requires that the house should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the house shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time.

Motion agreed to.

THE COMMUNIST PARTY

QUESTION AS TO FURTHER ARRESTS AND INTERNMENTS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, one or two questions were asked last week to which I promised to make reply at an early date. One was a question asked by the hon. member for Vancouver East (Mr. MacInnis) who in the absence of the Minister of Justice (Mr. Lapointe) drew my attention to a newspaper report of the interment of a native of Kitchener, named Harvey Murphy, as a communist. He asked whether in view of the fact that Russia is now our ally it is the intention of the government to continue with the arrest and internment of persons in this country because of membership in the communist party. I may say in reply to my hon. friend that the communist party was declared to be an illegal organization not because of any relationship to Russia, but because of its subversive attitude towards Canada's war effort. The entry of Russia into the war is therefore in itself irrelevant.

LABOUR CONDITIONS

MARITIME PROVINCE LUMBER WORKERS EMPLOYED IN THE UNITED STATES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): A question was asked on Thursday last by the hon. member for Northumberland, N.B. (Mr. O'Brien) in reference to the movement of Canadian lumbermen to work in the Maine woods. My hon. friend asked why permits had been issued to these young men to cross the border, and what action would be taken to stop this drain on Canadian man-power. I informed my hon. friend the leader of the opposition on Friday that I would give later on a more detailed statement than it was possible to give at that time. The facts, I am informed, are as follows:

Some 4,400 lumbermen, living for the most part in villages along the Maine-Quebec border, have been permitted by the United States immigration authorities to enter the United States temporarily and under bond to work in the Maine woods during the next few months. In view of the bonded guarantees that the individuals concerned will return to Canada before March 1, 1942, the United States authorities have waived the usual passport and visa requirement for this seasonal border movement. No question therefore arose of issuing Canadian passports to the individuals concerned.

The lumbering operations in which these men are employed are essential for the manufacture of high quality alpha pulp required by the defence industries of the United Kingdom and the United States. A good proportion of the Canadian lumbermen whose temporary entry into the United States was permitted, subject to the above conditions, are cutting pulpwood which is floated back to Canada down the St. John river, for manufacture into alpha pulp for export to the United Kingdom. A substantial part of the United States output of this product is also under contract to the United Kingdom.

The men taking this winter employment in Maine are of course all subject, within their respective age groups, to the proclamations issued under the national war service regulations.

In reply to the second question, I might add that consideration is being given at the moment to the whole problem of border control, of which this particular movement is but one aspect.

BUSINESS OF THE HOUSE

DISCUSSION OF PROPOSED STRIKE VOTE IN KIRKLAND LAKE DISTRICT MINES

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I wish again to ask the Prime Minister if he will at to-day's session allow a discussion of Department of Labour matters, provided that the Minister of Labour is later on present in the house. The strike vote at Kirkland Lake to which I referred on Friday was taken on Saturday; and I am informed that if negotiations looking to a settlement are not opened the men will strike on Wednesday or Thursday of this week.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, my hon. friend the Minister of Labour has unfortunately been obliged to attend the funeral of one of the leading members of his department who passed away on Saturday and for that reason is not in the house at the moment. With respect to affording an opportunity for discussion when the minister comes in, I believe the house will wish me to hold to the arrangement as made and understood last week, namely that we take up a discussion of the subject-matter of the different reports that have been presented by the ministers in the order in which the reports themselves were presented. I would hope that the statement of the Minister of Labour will be reached either to-day or, at the latest, to-morrow.

PROCEDURE IN DISCUSSION OF MINISTERIAL STATEMENTS

On the orders of the day:

Mr. KARL K. HOMUTH (Waterloo South): On Friday afternoon the question arose of procedure in dealing with the statements of ministers on the war effort. I wish to call the Prime Minister's attention to the fact that it is impossible to confine the discussion to one department alone. The activities of the departments are so intermingled that in response to a question bearing upon the affairs of one department the minister might well say, "That matter belongs to another department and will have to be answered by the minister of that department." So that you have to deal, in committee of the whole, with more than one department at a time.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that it is, I believe, understood that the chairman should afford to hon. members all reasonable latitude in the matter of discussion. But my hon. friend will realize that it is desirable to hold as far as we can to some order.

WAR EXPENDITURES

WORK OF SPECIAL COMMITTEE—FURTHER SITTINGS AND EXTENSION OF POWERS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Certain questions were raised by the hon. member for Yorkton (Mr. Castleden) and the hon. member for Danforth (Mr. Harris) with respect to the special committee on war expenditures. I might give the house a brief statement as to how that matter stands and as to the powers of hon. members of the house to have a very full discussion with regard to these expenditures.

On June 10 last, the special committee on war expenditures was authorized by order of the house to sit, notwithstanding the adjournment of the house.

The committee met on July 7 and resolved itself into three subcommittees to inquire into various subjects, set out on page 549 of the *Votes and Proceedings* of Monday, November 3. These subcommittees sat for approximately seven weeks during July and August and held altogether eighty-three sittings and examined eighty-nine witnesses.

The reports of the subcommittees were carefully considered by the main committee, which agreed upon seven reports. These were all presented to the house on November 3.

In the fourth report the committee stated that in view of the importance and scope of the inquiry referred to the committee, it was recommended that the inquiry be continued and that for the said purpose a committee be appointed at the next session.

With regard to the inquiry made by the hon. member for Yorkton, it should be pointed out that the government has no control over the committee which was appointed by the house and responsible to the house.

Furthermore, there is no need of extending the powers of the committee to enable it to investigate contracts let by the Department of Munitions and Supply. The committee has already the fullest possible powers in that regard. Indeed, there are no restrictions of any kind upon the powers of the committee to examine into any war expenditures. The whole field of inquiry into all war expenditures is open to the committee. It is, however, obvious that the committee cannot complete its examination into all subjects of inquiry at the same time.

An examination of the subjects of inquiry assigned to the various subcommittees will indicate that the committee has been concerning itself in the main with subjects relating to activities which have their origin in the several

branches of the Department of National Defence. It might be noted that in respect of contracts let by the Department of Munitions and Supply, the latter department lets such contracts after it has received a contract demand from one of the Departments of National Defence. The committee has already made a considerable study of the operations of the Department of Munitions and Supply, but there is no doubt that a full inquiry into the subject of war contracts will be made by the committee when a new committee is established next session. The committee will be free to make the fullest possible examination into the subject of war contracts.

With regard to the questions of the hon. member for Danforth, it might be pointed out that subject to the arrangement that has been made between the leaders on both sides of the house, there is nothing in the way of procedure to restrict the right of any member to discuss the reports that were presented last Monday. It is suggested, however, that these reports are voluminous and contain a great many recommendations. It would seem desirable that there should be an opportunity of careful study of the recommendations by the departments concerned.

When the next session takes place it is the intention of the government, if the house agrees, to establish a committee to deal with the subject of war expenditures and on the motion made for the establishment of such a committee, there will be the fullest possible opportunity afforded to every member of the house who is interested in the subject of discussing the reports, the recommendations contained therein and indeed, the subject of economy in war expenditures in every possible phase. It would seem preferable that the debate on these reports should take place on such a motion.

FOREIGN EXCHANGE

INTERNATIONAL LABOUR OFFICE—TRANSFER OF FUNDS TO THE UNITED STATES

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): In view of the publication of a letter from the Prime Minister in the *Canada Gazette* of October 25, 1941, informing the International Labour office at Montreal that they may transfer funds from their Canadian account to the United States without being subject to foreign exchange control regulations, may I ask the Prime Minister or the Minister of Finance if this covers Committee of Industrial Organization remittances between Canada and the United States? If so, are organizations of this type entitled to preferred treatment?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend was kind enough to send me a copy of the question but I did not receive it until I came into the house. He has referred to a letter published in the *Canada Gazette,* which was in the nature of a communication to the International Labour office at Montreal. That office, my hon. friend will realize, is an intergovernmental body, and such rights and privileges as it enjoys were accorded it on that ground. I cannot say offhand what the rules of the foreign exchange control board are with respect to remittances, and particularly those to which my hon. friend has referred, but I will give him an answer later on, unless my colleague the Minister of Finance (Mr. Ilsley) is in a position to make a statement at once.

Mr. ILSLEY: No.

Mr. HANSON (York-Sunbury): It would be a good thing indeed if we could have some information with regard to the position of the foreign exchange control board as to the question raised by my colleague, namely, remittances from Canada to foreign organizations other than governmental bodies—I will not limit it to one.

Mr. ILSLEY: I will find out about that.

PENSIONS

QUESTION AS TO DECLARING NOVA SCOTIA A THEATRE OF WAR UNDER AMENDMENT ACT OF 1941

On the orders of the day:

Mr. G. B. ISNOR (Halifax): I wish to ask the Prime Minister a question of which I sent a copy to his office. It is based on an observation which was made by the Minister of National Defence for Naval Services with regard to submarine attacks off Nova Scotia. In view of the danger of enemy attacks, has the government considered declaring the province of Nova Scotia a "theatre of war" as defined in Bill No. 17, "An act to amend the Pension Act"?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The answer, in so far as anything decided up to the moment is concerned, is no. I may say to the hon. gentleman that the government has been giving the most careful consideration to everything pertaining to defence in the maritime provinces.

THE WAR

The house again in committee of the whole, Mr. Bradette in the chair.

INTERNATIONAL SITUATION SINCE JUNE 14, 1941—CANADA'S WAR EFFORT

Mr. A. W. NEILL (Comox-Alberni): I wish to bring before the committee a couple of matters, but before doing so I should like to go on record as registering my protest, which is all I can do at the present moment, against further restrictions on the rights of individual members by the announcement made last week that private members would not be allowed to follow the ordinary course in committee of the whole by moving motions or amendments, and so on. All of us, except the most recent members, are aware that in the course of the session we go into committee hundreds of times, and the procedure always is to discuss one specific item. We discuss a resolution on which some bill is to be founded, or we discuss the bill itself, and when we are in committee it is the option of anyone to move an amendment, to move to insert a new section, or anything of that kind.

I feel strongly tempted to ask you, Mr. Chairman, whether there is anything before the committee now, and I rather think that if I did your answer would be no. It is well known that when the Speaker is in the chair, or when the chairman of committees is presiding, there must be something before the house or the committee, as the case may be. If there is nothing before the chair the presiding officer immediately turns to the leader of the government to ascertain the next order of business to which the house or the committee shall proceed, and when the order paper is exhausted the house must adjourn. That, however, has not been done on this occasion.

Mr. MACKENZIE KING: May I interrupt my hon. friend a moment? I think it was understood at the time, in fact it was specifically stated, that the course which the house was pursuing could be taken only by unanimous consent, and consent at the time was given by all present in the house.

Mr. HANSON (York-Sunbury): The whole thing is on the basis of consent.

Mr. NEILL: The whole thing may have been intended to be on the basis of unanimous consent, but actually it was not.

Mr. MACKENZIE KING: Not intended but was.

[Mr. Mackenzie King.]

Mr. NEILL: I have before me *Hansard* in which the Prime Minister is reported. After certain remarks he said:

To that end I move, Mr. Speaker, that you do now leave the chair.

The procedure, when it is done by unanimous consent, is invariably for the member of the government making the motion to say, "By unanimous consent", and the Speaker then says, "By unanimous consent it is moved," etc. That was not done here, and I submit that there was no unanimous consent.

Mr. MACKENZIE KING: I do not wish to interrupt my hon. friend, but if he will look over the earlier part of *Hansard* he will find that when the matter was discussed it was stated then that whatever was done would have to be done by unanimous consent, and I remember the leader of the opposition (Mr. Hanson) making the observation that it would have to be by unanimous consent. The house concurred therein at the time. It was understood, before the Speaker even put the motion, that it would be passed only by unanimous consent.

Mr. NEILL: I remember the leader of the opposition saying that it would have to be done by unanimous consent, but my submission is that it was not so done.

Mr. MACKENZIE KING: Did my hon. friend object?

Mr. NEILL: Absolutely.

Mr. MACKENZIE KING: I did not hear him and he is not so recorded.

Mr. NEILL: I did not object at that time because unanimous consent was not asked, and I must admit I was perhaps innocent in the matter; but I never dreamed for a moment that the ordinary procedure in committee would not be followed. I submit that we were to some extent led into a situation that has never happened before. However, I do not want to delay the committee or to argue about it. We are in a rather ridiculous position apart from being more or less unconstitutional. When we were young and went into the pantry we were told by our mothers, "you may look but you must not touch." The position here is, "You may talk but you must not act." We shall be known as the parliament that did nothing and could do nothing.

The leader of the opposition the other day seemed to have the same idea, that everything was not according to Hoyle, when he said that members would be reduced to the position of a debating society. I differ with him in that regard; I think we are below the status of a debating society. In the debating

society of our young days we used to meet to debate some very abstruse question, such as whether the pen was mightier than the sword. It might not have had any great effect on our day and generation but we did decide in favour either of the pen or of the sword. When the Ladies' Aid meet to discuss whether they shall lay down linoleum in the vicarage or in the manse, they come to some conclusion; they decide either to lay it down or not to lay it down. At any rate, they do something; they come to a definite decision. Never before have we been in such a situation as this and I cannot help asking myself why. Is the government afraid? What is it afraid of? Hon. gentlemen opposite have a huge and loyal majority behind them and if anyone moved a vote of want of confidence I am sure he would have the greatest difficulty in getting a member to second it. There is no question of defeating the government or of going to the country. What is the trouble? Is the Prime Minister afraid of private members? We are the representatives of the people of Canada. Already we have had cut off—and we all agreed to it in all loyalty—the opportunity of moving resolutions in this house during this session. We were told that it was necessary to save time. We agreed to that. Now we are to be allowed time but we must not have any action; we are not to take any action at all.

Now, dealing with the two matters I wanted to bring up, the first is the gasoline situation. It is an illustration of the curious policies the government seem to adopt not only in this matter but in others; they begin by trusting the people too much and end by trusting them too little. The result is a middle-of-the-road wishy-washy policy that results in small achievement and a great deal of irritation. But in saying this I exempt the Minister of Finance. Anyone who listened to his very able speech the other night setting forth his policies must have realized that we were listening to a man of great ability. I congratulate him on having the brains to conceive such a policy and the courage to present it, a far-sighted, bold policy with great potentialities, I only hope that when it gets into the hands of the officials it will not be smothered in the red tape in which bureaucratic people always seem to love to envelop anything

As I say, the government started by trusting the people too much; they thought that if they told the people that gasoline restriction was necessary they would all voluntarily submit. But that turned out a complete failure. Then they went to the opposite extreme; they saw that compulsion was needed but they got scared, thought the people would not accept the government's statement that it was necessary, and might be dissatisfied and express their dissatisfaction by their votes. So the matter was held off for months and much precious time was lost. The result of it all was a very small saving made by a very few instead of a large saving made by a great many people, and in addition there was a great deal of dissatisfaction and ill-will. The minister said the other day he thought they had done very well because in a certain month the restriction had produced, not a reduction in consumption, but a non-increase. That is, whereas the previous month's consumption had exceeded that of the corresponding month a year ago, this month it remained the same as the corresponding month last year. He thought that was substantial progress. Well, if the war situation needs gasoline-saving I think it is hardly satisfactory to record that we did not do any worse than a year ago. It reminds me of the man and woman who by dire necessity were compelled greatly to reduce their expenditure, and after much discussion and argument and a few tears they decided that the woman had to go without a sewing machine, whereupon the man went out and bought an expensive set of golf clubs, and the net result was that the common purse was no better off.

We have lost much precious time by following a circuitous route and have not got anywhere yet. They made a general appeal to the public and it proved to be as futile as any suggestion would be that we should pay our taxes without compulsion. Anyone with a knowledge of human nature would have expected just this. About ten per cent of the people—I do not give that as an exact figure, because I do not know, but a certain proportion, say ten per cent—can always be trusted to do the loyal, the right and the decent thing. Another ten per cent are so utterly and intensely selfish that they will do nothing that they are not compelled to do. It does not matter to them that they see their neighbours making the necessary sacrifice. In between there is the great mass, call them eighty per cent, who are anxious to do the right thing; they only need to be told, but they have a sense of fairness and proportion which causes them to say: "I am willing to do it, but it has to be done all round. I am not going to do it and see Tom Jones, who is better able to make the sacrifice, evading it." So the government saw that compulsion was necessary, but they were afraid the people would dislike it; therefore they adopted a middle-of-the-road policy, prohibited buying on Sundays and in the evenings. That smelt

very strongly of discrimination, because we all know the rich man does not generally travel on Sundays. Sunday is the poor man's only opportunity of driving out with his family. It resulted in a few careless people being caught away from home without gasoline, but they soon learned to stock up on Saturday. Meantime it meant in some cases using more gasoline, because if a man got stuck ten miles from home he could not have gasoline sent out to him; he had to get a towing car sent out to bring him home, which meant a double trip and the use of more gasoline than if he had been allowed, perhaps on payment of an extra fee, to get an emergency supply.

There was no give and take whatever. I took it up with officials of the board in my district where men were working in a war production plant or a plant producing a product needed in the war. Naturally they wanted to go home Saturday nights, because there was not enough accommodation at the plant. They had to go about fifteen miles by water, did not get home until late Saturday night, and had to leave Sunday afternoon, consequently they could not get any gasoline at all. I suggested they might be allowed to get gasoline after hours on Saturday and Sunday, but I was told it could not be done, and the suggestions made to meet the situation were absolutely ridiculous. There was no provision to deal reasonably with an emergency.

Then the government, finding that policy was not successful, tried rationing the gasoline stations. As the minister himself said, this was at best a crude method. The obligation to restrict the sale of gasoline fell on the retailer. What would hon. members expect him to do? To say to the rich customer who wanted five gallons: "No, I will give you only two?" Then he would come back the next day and get more. Or was he to say to the rich man: "I will not give you any; I am going to keep it for this poor man who has to drive miles to work?" Where I live men club together to drive ten miles to work; they cannot get accommodation where they work and they fill a car. One hon. member said he went to a gas station and was told the quota for the day was exhausted. But where I live they did not take that attitude. They said: "We are not going to make bad friends all round; we are going to sell gasoline to everyone who comes while we have it, and if towards the end of the month, say the 25th or 27th, there is none left, we will simply put up notices, "No More Gas." But what about a traveller or the head of a business, who is stuck fifty miles from the nearest town? What is he to do? He would have to send for a towing truck; would that save gasoline? Or what about these men going to work; were they to remain idle three or four days at the end of the month? I have known of times when these "no gas" notices were up three or four days at the end of the month.

I took this up also, and was told I should appeal to their loyalty. I suggested that was an insult. People have no objection to gasoline restrictions; I have not heard one man object to the restriction, but everyone I spoke to objected to the foolish way in which it was done. That was the point. Provided the method was effective and universal everyone would have been satisfied. Some official told me that we must remember that a very considerable cost will be involved in printing these ration books. There is no doubt this would cost a good deal, but I remember January a year ago when a great deal of money was spent to bring four hundred people here for a three-hour session of parliament, after which we were sent home and an election was brought on, at enormous expense, though at that time it was not immediately essential. So that I do not think the question of expense should be considered so important.

This thing has been dragging on for fifteen months. It will be eighteen months before we are through with it. Until now we have had very little success, but at long last we are going to adopt the principle of compulsion, or should I use that dreadful and fateful word, "conscription", in the matter of gasoline. At last we are going to do something, and the government will find that the people will accept it if the scheme is effective and if it applies to all. The government can trust the people if they tell the absolute facts. Let me quote this sentence, without for the moment giving its source:

> The people are not afraid of strong, effective, action—they want action. Listen to discussion in any public place in Canada to-day about the gasoline restrictions. People shrug their shoulders and say, "Well, if it is necessary, I suppose we must have it." Then, in a burst of exasperation, they usually add, "But if rationing is necessary, in heaven's name why don't we have it without all this pussy-footing?" One minister of the crown says that the situation is "very, very serious." And on the street one hears, "All right, if it's as serious as that why don't they ration us: What are we waiting for?"

That does not come from the journal of the chamber of commerce, or anything like that; it is from the publication of a very prominent labour organization in Canada. That is the way they look at it.

I hope the rules governing this rationing, when they are made, will be just, and without too much red tape; and I hope provision will be made for prompt action in any real emergency. There is no such provision now.

To-day if you need an emergency ration you have to communicate with Ottawa, which in my case is three thousand miles away. A woman waiting to go to a maternity hospital, or a man with a broken hip, has not time to communicate with Ottawa, particularly in view of the fact that if the emergency arises on a Saturday afternoon, no answer could be obtained until Monday or Tuesday. I hope there will be some local provision made to meet emergencies of this kind, perhaps through the chief of police or the local magistrate. These are responsible people, who would not abuse their power.

I also hope that local conditions will be taken into consideration when the actual rationing is put into effect; and above all I hope the government will remember that in British Columbia distances are much greater than in the thickly settled regions of the east, and make provision accordingly. And let the arrangements be made for some definite period, not just for a day, a week, or a month. At certain intervals I have occasion to take a trip of some two hundred miles. If I am limited to only a couple of gallons per day I cannot take that trip, but if I am rationed over some length of time I can arrange to save my gasoline when I know this trip has to be made.

There is one other point I should like to mention to the minister. I do not expect an answer at the moment, but perhaps he would be good enough to look into the matter and advise me later. Has he explored the possibility of using charcoal? I understand this has been tried in Australia, and I believe the cost of converting a car to use charcoal is not very considerable. The only trouble seems to be in making provision for stations to provide charcoal at suitable intervals. There is one other matter I should like to bring to his attention also. Australia has made a very full investigation of the possibility of producing alcohol from the refuse of sugar, molasses, wheat, and I think potatoes. They have found that they can produce an alcohol which can be mixed with ordinary gasoline in the ratio of twelve and a half gallons to twenty; and while the resulting mixture is a little more expensive than ordinary gasoline—and gasoline is very expensive in Australia anyway—they are going ahead with the proposition on a very considerable scale. We might be able to do something of the sort here.

There is another matter I wish to discuss, and I hope I will not be called to order. The hon. member for Parkdale was allowed to discuss it last Friday, and if he can discuss it surely I can discuss it also.

Mr. BRUCE: Before the hon. member leaves the subject of rationing, may I ask this question; would not the arguments which he has advanced so splendidly, and with which I entirely agree, apply with equal force to the present method of securing recruits?

Mr. CRUICKSHANK: Going to ration them, too?

Mr. NEILL: I was going to deal with that point later, but in a general way I should say my answer is distinctly yes. I endorse everything the hon. member said, except that I would not limit it to compulsory service for men alone for overseas service; I would extend it to both men and women and for all war service. I would have it apply to everybody, and to every form of war work. Probably it would take quite a few men out of the army, men who would be far better in some civilian capacity, while it would put in the army other people better qualified for that kind of service.

I am not going to argue the need of conscription. The government have admitted it; the minister spoke of that need the other day. Innumerable resolutions have been sent to the government by the Canadian Legion, associated boards of trade, public meetings, and so on. I should like to read one such resolution which was passed in my own district, when the proclamation in connection with speeding up recruiting was read. Upon my soul, I honestly thought that proclamation was going to say the government had decided to come out for conscription, but when it was read it contained only a stereotyped appeal for recruits. Then and there that meeting passed the resolution I am about to read, and it was not the only gathering of the kind that unanimously adopted a resolution of this sort, though I believe at one meeting there was one dissenting voice. This is the resolution:

> That this meeting of . . . citizens, having heard read the proclamation of the Hon. Mr. Ralston, Minister of Defence, do entirely endorse and support the appeal made for increased recruiting, but we are of the opinion that the needs of Canada and of the British empire today call for conscription of men and of money, and for control of industry.

Almost everyone who has been over to England and who has seen the conditions existing there comes back and talks along the same line. There was a very good article in the newspaper only the other day by Mr. Grattan O'Leary, the well-known journalist, who is a very able man. The Minister of National Defence knows it is necessary.

What I said about gasoline also applies in this case. There is a small percentage of our people who will go and do their duty if it is only hinted that their services are needed.

There is another small percentage who will go only if they are forced to go. Then there is the huge majority who are anxious and willing to go but who will not go unless it is made universal, and I agree with them. Why should they go and make Canada safe for some foreigners who are taking their jobs while they are away? If paying taxes were made optional I would not pay a cent. I pay taxes now because I know it is universal, and everyone is treated in the same way. Increase taxes if necessary; I will not object. Have forced loans if necessary, as was proposed in Australia; they will apply to all. After all, what does conscription mean? It means that we must all do our best, according to our ability, for the common good. That is loyalty; that is democracy; that is necessity and above all it is plain common sense. It is not patriotism; it is common sense, because if Germany wins what are our bonds or properties worth? If Germany wins we will not talk about liberties, because the liberties will be non-existent. Universal service will take many men out of jobs that could be handled by women; and government control, if it took active, vigorous steps, could release many more men.

Go round this town—it is a comparatively small one—and count the number of milk routes. Count how many milk men go into any one apartment house. There may be fifteen or more, when one would do the work equally well—and a great deal cheaper. Look at the delivery trucks operated by gasoline and driven by men—sometimes two men—which have to go a quarter of a mile to deliver a pound of butter to some careless housewife who did not think of getting butter until an hour before meal time.

All these things could be applied to release an enormous number of men for service, universal service—I do not say overseas service, necessarily, because many men are needed in industry. There is universal service in England, Australia, New Zealand and the United States, but not in Canada. Why not? The anti-British element in the United States, the Lindberghs, are taking advantage of the situation, and are pointing out that while they are being conscripted Canadians are not.

At present we have in Canada a large standing army in training—standing looking at each other. If the service were universal they would be satisfied to go where they are most needed. A moment ago I quoted from a labour paper, and I shall quote from it again.

[Mr. Neill.]

The writer was speaking about gasoline, and asked what we were waiting for. Then he wrote this further sentence, which will be appreciated by the hon. member for Parkdale (Mr. Bruce):

> With conscription it is the same; the people are prepared to go twice as far and three times as fast as their government has up to now demanded.

This is published by organized labour. I quote again:

> The question of conscription involves the larger and much more vital one of using all our resources to the best advantage.

"All our resources"—men, machinery and so on. Then again:

> .We want to survive as a people. We are fighting this war to be able to settle our own affairs in our own way, we and our children after us. We are willing to pay the price—any price. Why are our leaders afraid to ask the price that we, the people, are willing to pay? Let us have conscription by all means: all-out conscription for an all-out effort. . . . We want conscription of men for war; and we want them to have the tools to work with. We want conscription of those tools along with the men. We do not see why the tools should be exempted when our boys are taken.

As I say, this is not alone the opinion of some soldiers' body; or of big industrial concerns; it is the opinion also of the working people of Canada who are in organized labour. They so express themselves. If this rule—it was not a rule, but rather an ultimatum—by which we talk, but may not move anything in this committee, had not been enforced, I would have moved a resolution to test the feeling of the house. But as it is being enforced, the hon. member for Parkdale and myself will have to be content—very poorly content—by simply expressing our views in the matter. I suppose we will have to leave it to a larger parliament, a larger expression of the people. It is regrettable however that in a matter of so much importance we should not be allowed to take action. It is idle to suggest that it is not a prominent and vital question today in Canada. Go to any street corner, or to any place where a body of people is meeting, and we find that the question is discussed. They are ready for an all-out effort, and an all-out effort can be obtained only by universal conscription of us all—as this article said, of us all—working for the common good.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Chairman, it seems that as a basis for the discussion of this important problem we should consider the three Canadian acts of parliament concerning conscription.

First there is the Militia Act, chapter 132 of the revised statutes of Canada, 1927. Section 64 of that act reads:

> The governor in council may place the militia, or any part thereof, on active service anywhere in Canada, and also beyond Canada, for the defence thereof, at any time when it appears advisable so to do by reason of emergency.

This is the Cartier act, which was amended by Sir Wilfrid Laurier after the Transvaal war by adding the words "for the defence thereof" in the third line.

Since then the only amendment to the act, although the present act does not specifically mention the Militia Act, is chapter 21 of the Statutes of Canada for 1932-33, the title of which reads as follows:

> An act to make provision with respect to forces of his majesty from other parts of the British commonwealth or from a colony when visiting the Dominion of Canada; and with respect to the exercise of command and discipline when forces of his majesty from different parts of the commonwealth are serving together; and with respect to the attachment of members of one such force to another such force, and with respect to deserters from such forces.

This act was passed when Mr. Bennett was in power, and was given royal assent on April 12, 1933.

The second conscription act, known as the Military Service Act, 1917, was passed by the Borden government. The purpose of that act is approximately the same as that of the preceding one, with the exception of an inversion of phraseology respecting the aim or purpose of the act.

Then, the third conscription act is the National Resources Mobilization Act, 1940, assented to on June 21, 1940. Section 2 of that act is as follows:

> Subject to the provisions of section 3 hereof, the governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of his majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

Then, section 3 states:

> The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof.

The marginal note for section 3 reads: "Limitation in respect of service overseas."

When the resolution preceding the bill from which this act followed was submitted to the house I remember well that the leader of the opposition then said it constituted one of his suggestions which had been adopted; therefore at the time he was satisfied with the legislation, and believed that it was a step forward. I am not quoting him verbatim, but I believe that is the effect of what he said.

It would seem therefore that there are three conscription acts on the statute books of Canada. The first two, namely, the Cartier act, as amended by Sir Wilfrid Laurier, and the Borden act, are altogether different from the one passed last year for the defence of Canada. That is evidently the reason why the mobilization act was passed. The aim and purpose of that act is the defence of Canada, and everyone agrees with that principle.

There is another feature which must be considered, namely the exemptions which appear in each of the acts. Section 9 of the Militia Act enumerates the following exemptions:

> 9. The following persons only shall be exempt from liability from service in the militia:—
>
> Members of the King's Privy Council for Canada;
>
> Judges of all courts of justice;
>
> Members of the executive councils of provinces;
>
> Deputy ministers of the federal and provincial governments;
>
> Clergy and ministers of all religious denominations;
>
> Telegraph clerks in actual employment;
>
> Officers and clerks regularly employed in the collection of the revenue;
>
> Wardens and officers of all public prisons and lunatic asylums;
>
> Members of the naval militia;
>
> Members of the police force and fire brigade permanently employed in incorporated cities, towns and villages;
>
> Professors in colleges and universities, and teachers in religious orders;
>
> Persons disabled by bodily or mental infirmity;
>
> The only son of a widow, being her only support;
>
> Pilots and apprentice pilots during the season of navigation;
>
> Persons who, from the doctrines of their religion, are averse to bearing arms or rendering personal military service, under such conditions as are prescribed.

That last exemption I find absurd.

But there is something else, which I find in section 24, subsection 2, which reads:

> If there are inscribed on the militia roll more than one son belonging to the same family residing in the same house, only one of such sons shall be drawn, unless the number of names so inscribed is insufficient to complete the required proportion of service men.

There is a further provision in section 25 regarding the regulations. Subsection 2 of section 25 provides:

Any man balloted and notified for service, may, at any time, be exempt until again required in his turn to serve, by furnishing an acceptable substitute, on or before the day fixed for his appearance.

We heard some time ago about the selective draft, selection by ballot. But here an opportunity is given to a man to provide a substitute for himself in the army. This is unjust, because it gives a privilege to the rich man over the poor man. It is unfair, and it is probably the reason why some well-to-do people are advocating the selective draft. It gives an advantage to the rich over the poor.

Now I turn to the Borden act, the conscription act of 1917. This is based on the British military service act of 1916, chapters 5 and 6, George V. The phraseology of the two acts is precisely the same as respects exemptions. Section 11 of the Canadian act of 1917 is as follows:

At any time before a date to be fixed in the proclamation mentioned in section four an application may be made by or in respect of any man in the class or subclass called out by such proclamation to a local tribunal established in the province in which such man ordinarily resides for a certificate of exemption on any of the following grounds:

(a) That it is expedient in the national interest that the man should instead of being employed in military service be engaged in other work in which he is habitually engaged;

(b) That it is expedient in the national interest that the man should instead of being employed in military service be engaged in other work in which he wishes to be engaged and for which he has special qualifications;

(c) That it is expedient in the national interest that, instead of being employed in military service, he should continue to be educated or trained for any work for which he is then being educated or trained;

(d) That serious hardship would ensue, if the man were placed on active service, owing to his exceptional financial or business obligations or domestic position;

(e) Ill health or infirmity;

(f) That he conscientiously objects to the undertaking of combatant service and is prohibited from so doing by the tenets and articles of faith, in effect on the sixth day of July, 1917, of any organized religious denomination existing and well recognized in Canada at such date, and to which he in good faith belongs; and if any of the grounds of such application be established, a certificate of exemption shall be granted to such man.

That is the Borden law, and I object to paragraph (f) just cited for the same reason that I objected to the last exemption provided by section 9 of the Militia Act. I do not believe that Doukhobors, Mennonites and conscientious objectors should enjoy exemption from military service. This may be the feeling also of quite a number of members, although I do not speak for them; I am speaking for myself alone.

The main difference between the mobilization act of 1940 and the two previous acts which I have cited is that there is no provision in the mobilization act of 1940 for exemption, but a free hand is given to the governor in council to pass regulations enumerating possible exemptions. Parliament did not legislate upon these exemptions, which by virtue of the act itself were to be framed by the governor in council. What are the exemptions provided by virtue of the regulations that were passed by order in council some time after this house was adjourned and when there were very few members of parliament in this city? Section 6 of the National War Services Regulations, 1940 (Recruits) provides:

The following persons shall be excepted from being called out:—

(a) Judges of superior, district or county courts of justice;

(b) Members of the clergy or religious orders;

(c) Regular clergymen or ministers of religious denominations;

(d) Members of the naval, military or air forces of Canada on active service and cadets entered at the Royal Military College of Canada;

(e) Permanently employed members of the Royal Canadian Mounted Police and of provincial police forces;

(f) In the discretion of the board, permanently employed members of police forces and fire brigades, wardens and officers of penitentiaries, prisons and lunatic asylums, or mental hospitals.

Those are the only exemptions. The exemptions provided for by the Borden act are not mentioned in these regulations. They were completely set aside.

There is another exemption, although it is not mentioned in section 6 of the regulations, and that is that when a man is suffering from ill-health or is unfit for service he may be put in a class where he will not have to serve or will serve only in this country.

There are four classes of exemptions provided in the regulations against which I strongly protest. Three of them are not mentioned exactly as exemptions but are spoken of as adjournments. The first exemption is not even mentioned as an adjournment. But the phraseology of the regulations gives a certain advantage to a certain class of British citizens who have not to comply with the regulations as every Canadian-born or Canadian-domiciled citizen must do. The Minister of Justice (Mr. Lapointe) said rightly, speaking in March and again in September, 1939, that a British citizen

enjoyed the same rights in England as in Canada. I have a French translation of his remarks here, but I will give in English the substance of his remarks. He said that we have the same national status as England; a British subject in Canada is also a British subject in London and anywhere else in the British commonwealth, and a British subject in England is also a British subject in Canada. I fully agree. That is true.

There is something else. It is that the regulations apply to all British subjects who reside ordinarily in Canada, and the regulations are so drafted that the interpretation will be that they apply only to Canadians who have their domicile here and not to those who come here for the duration of the war. It means that all young English babies, blonde and beautiful, of military age, twenty years old and over, who come to Canada are not supposed in virtue of these regulations to get into military service. Apparently it means that it would be bad manners to enlist them as conscripts, as draftees; and they may come here—I do not speak of guest children, I refer to those of military age—they may come to this haven of security, Canada, those who are British citizens and to whom these regulations should apply, and they can get any jobs because they are not ordinarily residents of Canada; they are here only "for the duration." They can take the jobs that the young boys who are domiciled in Canada have to leave when the time of enlistment comes. A young man who is born in Canada and who does useful work here has to get into the army, while a young Englishman who is fortunate enough to find passage on a clipper or boat and come here has no trouble at all. It is well known what happened in Montreal in a store not long ago, when an aged mother who had two sons in the army, one of whom is now missing, was served by a young "bloke": she asked him where he had come from, and he said, "I have come from England, and I have fine connections." She threw her parcel in his face and left the store, very indignant. I do not know why we do things like that. If we are all British citizens we should be under the same law, and there should be no exception for those of military age who come here from the British isles for the duration of the war. That is my first point.

Mr. BROOKS: And a very weak one.

Mr. POULIOT: My second point is that there should be no exemption for Mennonites and Doukhobors. They came here some years ago and were granted privileges through orders in council passed in the time of Sir John A. Macdonald and Sir Wilfrid Laurier. But there was then no thought of a war like this. When we speak about the difficulties that some people may have, we are answered that these are not ordinary times. If these times are not ordinary times for Canadian-born British subjects, I do not see why they should be different for Mennonites, Doukhobors, and conscientious objectors. After all, the same law should apply to all, except when it is a matter of public interest to give exemption to some Canadian citizen who otherwise would suffer a serious handicap because of this draft —as was specified in the Borden act.

The fourth class of exemptions against which I protest very strongly is that of conscientious objectors. I do not see why a man should be exempted just because he says, "My conscience forbids me to abide by the law." It is one of the absurdities of the English legislation as well as of the Canadian legislation. Why should a man have the right to defy the law in such a fashion? I wonder if there is a single hon. member of this committee who would seriously say that, because England has given that privilege to conscientious objectors, we should give it to them here. If a man within a certain period mentions to the registrar that his conscience forbids him to get into the army and carry on, he may be exempted during the entire period of the war. I cannot understand it.

There is another thing that I cannot understand. It is that, in virtue of the first draft of the regulations which I am discussing, Doukhobors, Mennonites, and conscientious objectors were entitled to an indefinite postponement of their draft; and now the word "indefinite" is left out; but they enjoy the indefinite postponement just the same. As a consequence, if a man is a Doukhobor, a Mennonite, or a conscientious objector, he will not serve in the army for the whole time of the war. Is it fair? No sir, it is not fair.

There is something else. It is that, for that privilege, that exemption—I call it an exemption because it can be given by only one of the commissioners—for Canadian-born citizens who are neither Doukhobors, Mennonites, conscientious objectors, or the Canadian who is not a "bloke", a quorum of two commissioners of the three is required for a short postponement not exceeding six months. To my mind that is unfair and unjust.

It is unfair that Mennonites and Doukhobors are exempted, not because they are good farmers—it has to be proved that they are good farmers—not in the public interest, but just because they are sectarian. They do not belong to a religion; they belong to a sect. As to these Mennonites who were called at one time "the peaceful Anabaptists", theirs is a long story. I will cut it short. But do you not think that there is discrimination in provisions like that?

I find another absurdity in the first draft of the national war services regulations of 1940. It is this:

Seasonal employees. In the case of men engaged in—

Fishing, lumbering, trapping or—

—any seasonal occupation, the board may make advancement orders or postponement orders as may seem best in the public interest. Provided however that every man in an age class called out for training in the twelve months period shall, notwithstanding any postponement order, be called out for training during some one of the training periods held during the said twelve months period.

What I find absurd is that in this first draft farming is regarded as a seasonal occupation, whereas everyone knows that, in our part of the country at any rate, it is work that lasts the year round. The farmer has to begin his work each day before the sun rises and he does not stop until after sunset. Therefore the first draft of these regulations shows complete ignorance of the life of the farming communities in eastern Canada. Of course, in our part of the country farming is entirely different from what it is in the west. In the west the mechanics who grow wheat put gasoline in their tractors in June and take off the tractors in September and then they may grow oranges in California. That is not the sort of farming that eastern Canadian farmers engage in, and probably this is true also of British Columbia. I know they work hard in British Columbia. I honour that province by putting it on the same footing as eastern Canada in this regard.

Mr. WRIGHT: Has the hon. member ever spent any time in the west, either during the summer or in winter, so as to understand the real conditions under which the western farmer works?

Mr. POULIOT: I will say to my hon. friend that if the western farmer does as much as he does in the house he must have lots of leisure.

Mr. CASTLEDEN: He does not get much for it.

Mr. POULIOT: The west is now following the good example of the east by engaging in mixed farming. That shows great progress and I congratulate them. If my hon. friends have anything else to say in reply I shall be delighted to hear them in due course, though they know very well that I have no wish to say anything offensive to them.

There is a change in the phraseology of section 14 of the consolidation. I quote:

14 (1) Each divisional registrar shall deliver to the board in his administrative division copies of all registration cards in his possession upon which it is indicated that the men registered are engaged in farming, fishing, lumbering, trapping, mining, placer mining, gold prospecting, seafaring, railroad transportation or other seasonal occupation.

My western friends may be under the impression that in the east and in British Columbia the farmers who have cattle and horses put their animals in the trunks of trees to hibernate as bears do in the winter, and leave them there without caring for them. They may think that the animals spend the winter the same as bears and other wild creatures do. That is not so. These hon. gentlemen do not know the problems of the east—and again, I do not say that in any offensive spirit. I make that statement to inform them that my care has been to keep the ministers in touch with conditions by sending to each of them certain articles that were published each week in a publication put out in my home town, in order to inform the ministers of the situation so far as agriculture is concerned, and of the deficiencies in the regulations with respect to farmers.

The farmers have a good deal of work to do in winter. They have to do the fall ploughing, they have to look after the grain, they have ditches to dig and wood to cut—not only kindling for the house but wood for buildings and repair purposes; they must put manure on the land, and so forth. All that is done in the winter. Sometimes they have to carry milk long distances to the butter or cheese factory, and they have to look after fences and maintain the roads in the winter. They have all these things to do. I find it strange therefore that farming should be regarded as seasonal employment. It is also strange to find railway transportation treated in the same way. The railways are working at capacity, both the large companies, as well as some of the smaller lines, in order to carry freight, passengers and soldiers to eastern or western ports, not only in winter when navigation ceases but all the year round. Often conditions are aggravated by war traffic, and never before has the work of the railway men been so heavy. I do not know how it can be called a seasonal occupation. That is why I wish to congratulate the present Minister of National War Services on the timely change he adopted on October 4, by order in council P.C. 7680. These occupations are no longer referred to as seasonal occupations; they are mentioned as seasonal and essential occupations. Subsections 1 and 2 read:

(1) When considering any application made in accordance with section 10 hereof, the board before which the application is made shall have power to grant an advancement or postpone-

ment order when it is of the opinion that it is in the national interest to do so and, in granting such order, the board shall state the reasons for such opinion. No postponement order may be made for more than six months, but, upon reviewing the application, the board may grant one or more extensions; provided that the board may cancel the order at any time for military reasons or for cause: Provided further that there shall be no exemption and no indefinite postponement of military training or service.

(2) When considering an application for postponement order by a man engaged in farming, fishing, lumbering, trapping, mining, placer mining, gold prospecting, seafaring, railroad transportation, public utility, or engaged in an occupation which the minister has declared to be a seasonal occupation or one essential to the successful prosecution of the war or in the national interest, the board shall take into account the supply of labour available, and the importance of the particular applicant's occupation to the national economy.

This is important, because what I understand by conscription is mobilization as defined by the Prime Minister and by members of the cabinet when the bill was before the house last year. It means total war, a total war effort; that is to say, that each one who makes an effort that serves the country best should be in the right place to make that effort. And nobody should have any objection to it, provided that the necessary distinctions are made in due course. What I complain of bitterly is the kind of propaganda that we have from the information bureau. There is one kind for English-speaking Canadians and another and altogether different kind for the French-Canadians of Quebec. I cannot understand it. We are all Canadians. I am not strong for the word "unity"; I rather think the word "union" is better. It means union of souls, union of human beings, union of minds for a common purpose, but "unity" is used of inanimate things. As it is accepted now and as we speak of national unity, national unity would be much better served if there were no Chinese wall around the province of Quebec in regard to propaganda. I fully agree with what was said by the hon. member for Broadview last Friday; it would be much better to dispense with such propaganda.

I am not a communist and I take the Russian propaganda with a grain of salt. Nevertheless the propaganda we have just received from Russia about fascism is the best propaganda I have ever read since the beginning of the war. It puts us to shame that the Russians are writing better war propaganda than our information bureau. I would like that bureau to be abolished. My idea would be to have all speeches delivered in both languages, and for those who cannot speak one of the official languages of the country a translation of the speech should be given on the French network at the same time the talk is given over the English network.

Mrs. NIELSEN: Why not broadcast the speeches of the house?

Mr. POULIOT: I regret I did not hear the hon. member.

The ACTING CHAIRMAN (Mr. Bradette): I have to inform the hon. member that he has spoken for forty minutes.

Mr. J. A. ROSS (Souris): Like many others, having come to Ottawa after four and a half months' adjournment I am very much disappointed with the speech of the Prime Minister (Mr. Mackenzie King) in which he did not mention Canada or our war effort at all. We are certainly being reduced to government by order in council; in fact parliament has been reduced to a sounding board for the government. Last spring a committee on war expenditures was set up. A very grave charge was made by the hon. member for Winnipeg South Centre (Mr. Maybank) with reference to the heating plant in a cordite factory there. The minister said the place to make these charges was before that committee. But the terms of reference were not broad enough for the committee to consider the matter. The hon. member charged that this heating equipment would result in a waste of $200,000 a year, yet the question could not be investigated by the committee. That makes the committee a complete farce in the minds of the people of this country.

Referring to gasoline, it is evident that little thought was given to the agricultural population of western Canada when that order in council was passed. Imagine in harvest time the people of western Canada, to whom the former speaker referred as mechanical producers, having to stop their harvesting operations on a sunny afternoon in order to go to the nearest trading centre to obtain gasoline. Surely that was not in the interest of the national effort, to say nothing of the hardship to the individual.

In connection with gasoline I have received a letter from a man at Castlegar, British Columbia, in which he said:

With the new gasoline restrictions in effect it has brought to my mind the fact that the *Toronto Star Weekly* several months back ran a series of articles on a carburettor that was capable of delivering up to three hundred miles to the gallon of gasoline. This carburettor, invented by a Winnipeg man, according to the *Star* was proved out on a run from Winnipeg to Vancouver and was very successful. As I understand it the rights to this carburettor were

purchased by some large oil company and retired from the public eye, to the financial interest of the oil company concerned.

My idea is that if the present administration was to introduce legislation compelling individuals or companies who hold patent rights on inventions that can be used to the advantage of Canada, to release these rights to the country for whatever remuneration a board of arbitration should decide.

In the case of the above mentioned carburettor, it would make the present gasoline restrictions unnecessary, or if it was used only on our war machines it would be a wonderful contribution to our war effort. Don't you think so?

I know something of a carburettor invented in Winnipeg by a Mr. Pogue. I witnessed some of the experiments there. I do not know what became of it, but rumours were rife that some large oil company had bought it. I trust the minister will look into that for the benefit of this committee.

Like the hon. member for Comox-Alberni (Mr. Neill) I am sorry that we have not the opportunity to move resolutions in this committee. Certainly our efforts have been very much circumscribed. The discussion of national selective service would be timely, and I cannot understand the Prime Minister's interpretation a little while ago that discussion must be confined to one department, because certainly the Minister of Munitions and Supply, the Minister of Agriculture and the ministers of national defence are vitally concerned in this matter and should be working together in close coordination.

I was elected as opposed to conscription, but I was careful at that time to point to my experience in the last war and to say that if the unexpected happened we should then give the matter further consideration. I do not think there is any hon. member who will not admit that the unexpected has happened since March, 1940, with the fall of France and many other countries.

We have heard much about an all-out war effort, but I venture to say that not fifty per cent, probably not over thirty-five per cent of our possibilities are being exerted in an all-out war effort.

I believe there is a great deal of misunderstanding of what national selective service means. It is not a matter of taking all the men off the farms. Many men who have enlisted from the farms would under this scheme be left on the farms where they properly should be. Key executive men have been taken from industry who should have been left there. I doubt whether many of us appreciate the brief placed before the government by the Canadian Legion. I should like to refer to an article which appeared in the Winnipeg *Tribune*:

The Canadian Legion and Man-Power

Attempts have been made to show that proponents of an all-out war programme for Canada want to conscript vast numbers of soldiers at the expense of Canada's industrial effort. This is nonsense. . . .

In particular, the Canadian Legion does not propose mobilization of Canadian man-power simply to increase the armed forces. It demands, rather, that mobilization of man-power should be undertaken immediately in order that our resources of man-power may be used for our needs, whether in the field of agriculture or industry or in the fighting services.

Here is the main plank in the legion's call for "total war". It takes the form of a statement presented to Prime Minister King by the dominion executive of the legion on October 21, calling upon the Prime Minister to institute all necessary measures to place Canada on a total war footing. The legion specifically said:

By "total war" the legion means:

(a) Immediate, complete and scientific mobilization, organization and utilization of all our resources—spiritual, intellectual, natural, financial, agricultural, industrial, man-power—in such manner that Canada may be geared to produce essential foods and munitions and to wage war to her maximum capacity.

(b) The services of all men and women to be employed to the best and most useful effect, according to the age, training, physical capacity and ability of the individual;

(c) By an intelligent extension of the principles contained in the National Resources Mobilization Act and by the elimination of the provisions restricting service to Canada only—our armed forces in Canada and overseas, including reserves and reinforcements, to be maintained at the highest possible strength, consistent with our industrial and other requirements;

(d) An equitable division of the burden of service, sacrifice, contribution and effort among all our people to be the basic principle underlying this "total war" policy;

(e) The cumulative results of this "total effort" to be devoted to the single purpose of destroying the enemy.

That is a reasonable programme. It is also one which the public of Canada at large can support.

As *The Tribune* has said, again and again, the issue . . . is the issue of mobilizing all our man-power—not simply a matter of sending men overseas. The Legion clearly recognizes this. The public feels it instinctively and is coming to recognize it more and more clearly. The chief laggard is the dominion government which still refuses to face certain realities that the man in the street has long accepted.

There was some difference of opinion between our various ministers of defence the other day; but I was very sorry to see the presentation of the Minister of National Defence made the subject matter of an editorial in the Ottawa *Journal* of November 7, headed: "Mr. Ralston's Proud Speech; Mr.

Ralston's False Speech." Those of us who are returned men have a very great respect for the Minister of National Defence as a fine soldier. This editorial goes on to state that the minister was not speaking his own mind, that it was a matter of cabinet solidarity. At this time, after all that has happened, as one soldier to another might I suggest that he shake off the cloak of political expediency and cabinet solidarity, and really face the critical national situation in which we find ourselves. This is not a matter that affects his department alone. He made the suggestion that some consideration was given to industry in connection with men enlisting in the army. The minister for air, who followed him, said he did not agree with that statement, that he made no exemptions whatever but took holus-bolus all those who offered their services.

I believe the situation overseas is much more critical than many people throughout Canada realize. I am sure everyone who has gone overseas, who has had free access to industrial centres throughout the British isles, who has spoken off the record with that great inspirational leader, Mr. Churchill, agrees that the situation is so critical that it should not be made a matter of political expediency at this time. We are all vitally concerned with this matter, and I am sure we have all received wires and letters during the last few days from many of the most outstanding organizations in the country, from town councils, rural municipalities, boards of trade, the Canadian Legion, all urging this government to take some action before the end of this session of parliament. Certainly the step we are urging is most timely, and I think will be supported by all the citizens of Canada once they properly understand it. I know many young men who feel they should be in the armed forces but who make the plain statement that if this government has not the courage of its convictions, why should they offer their services. These men reason that the government knows more about the situation than they know; and, while I cannot give you the exact phrases they use, they say if the members of the government are prepared to do what is required of them, in the office they hold, then the young men are prepared to make any sacrifice that may be necessary.

I hope therefore that due consideration will be given by the government at once to instituting national selective service at this time, in the interests of people in all walks of life; for I am sure many ministers realize what their duty requires of them in the present situation.

Mr. J. R. MacNICOL (Davenport): Mr. Chairman, together with all other hon. members I listened carefully as the ministers made their reports; and those I did not hear I have read. While in the main they give a very good story of what Canada is trying to do, I am sorry to say that we have no yardstick with which to measure what we are attempting as compared with what is being done in other parts of the empire, in order that we may convince ourselves that we are doing our fair share. Certainly the general public throughout Canada are convinced that we are not doing our share. I cannot say whether or not we are, unless I compare our efforts with those of other parts of the empire.

I listened attentively to the report of the Minister of Munitions and Supply (Mr. Howe). He is the one man in the cabinet, I believe, who really knows—I should not say anything—very much about manufacturing, and he tells a very good story of what is being done in the manufacturing plants of Canada. I should like to refer briefly to some things I have observed myself; for I, too, have visited perhaps fifty to seventy-five of the large plants of this country. I need refer only to one or two items to which the minister also referred. He spoke about guns and shells. As Canadians I believe we should be proud of what has been done by certain manufacturers in this country in the production of lathes to make shells. I am told that the John T. Hepburn company of Toronto, which now employs about four thousand men in several plants, has produced lathes which are now used in the manufacture of more than half the shells used on the British side. I have frequently seen ten to fifteen carloads of these great lathes being shipped to Australia, south Africa, India, Egypt and elsewhere. As a Canadian I am proud that such a genius as John Hepburn is a resident of this country during this great war. I know he has received commendation from the British government; I do not know whether he has received any commendation from the Canadian government. Recently he produced what is said to be the first satisfactory lathe in the world capable of drilling gun barrels from both ends at the same time, which enables these gun barrels to be produced in much less time than is required in other plants throughout the world. These lathes are now being produced in quantity and are being supplied to Canadian companies making various sizes of gun barrels.

The minister also said something about tanks and ships. I think he should have given the official opposition some credit for spurring

the government into the production of tanks in this country. I remember that when the subject was under discussion a year ago, as one who was connected with steel and iron manufacturing for many years I said this country could produce every component part required in the production of tanks. We can do what the Australians can do. They have produced tank manufacturing plants. Not only that, they have had to produce their own tools with which to make their tanks. On the other hand Canada had to the south of it a great republic from which to purchase machine tools, and could obtain a supply in addition to the vast number we make ourselves.

Whether the minister gave credit or not, as a member of the official opposition I am going to take some credit to that group for the fact that we are now producing tanks, guns and steel ships in Canada. In doing that I do not detract from the minister, nor do I suggest that he has not exercised his best efforts to see that these things are being done. My only point is that the official opposition had a good deal to say about each of those products before they were made in Canada.

I am going to speak briefly concerning what was said by each of the ministers, because I do not expect to be here to-morrow or the next day. For that reason, if I may be permitted I should like to make a statement at this time. Some observations have been made respecting labour. Having been connected with labour for at least a quarter of a century, I do not yield to any member of the house, no matter what his party may be, or no matter where he comes from, in my loyalty to labour and its rights. I, myself, was a labour man—not with my tongue but with my hands and head.

I was disappointed in the report of a recent speech by the Minister of Mines and Resources (Mr. Crerar) as it was reported in the Toronto *Globe and Mail* of October 8, 1941. The minister is reported as follows:

> Speaking of labour Mr. Crerar said there is a widespread feeling in Canada that responsible Canadian labour leaders failed in leadership.

The responsible labour leaders I know are Tom Moore, A. R. Mosher, R. Y. Menary, Raoul Trepanier, John Kelly and John Noble. These are outstanding labour leaders, and I have not read anywhere that those leaders have done anything less than their utmost to maintain order in the unions throughout Canada. There may be the odd one who could be placed in the class referred to by the minister, but he would not be as outstanding as the men whose names I have mentioned.

[Mr. MacNicol.]

Mr. MacINNIS: It is the government that has failed.

Mr. MacNICOL: Well—

Mr. MacINNIS: The hon. member need not agree.

Mr. MacNICOL: I am only commenting on a statement made by the Minister of Mines and Resources. Perhaps he did not mean to make it—I have said things which I would have withdrawn, had I been given the chance. I try, however, to be as careful as I can.

I worked at arduous labour for many years, and stated long ago the rights to which I believed labour was entitled. I am conversant with what this country undertook when it signed the treaty of Versailles, which is now "washed up". Nevertheless, the labour articles adopted under the Versailles treaty were good. Their principles were, in brief, (a) that labour should not be regarded as a commodity or article of commerce, and (b) that there should be a right enjoyed by employers and employees to set up associations.

I believe that those are proper principles, and I cannot for the life of me understand why those associations, under proper guidance, could not sit down and iron out their disputes. Both employers and employees have rights. Many people take objection to the term "collective bargaining", but I do not look upon the procedure as one of collective bargaining. Rather, I consider it collective representation. If sincere men representing labour and sincere men representing industry sit down round a common table, as is taking place all across this country to-day in many shops where disputes have arisen, I believe many of our troubles could be ironed out. In my opinion it is the duty of the government to wash out those troubles.

Without casting any reflection on any member of the cabinet, I cannot help thinking that if in Canada we had a minister of labour like Bevin in England, a man since the beginning of his life seized with the rights of labour, we would be able to iron out our difficulties in a more satisfactory manner.

It will be understood that in what I say I am not singling out that estimable gentleman who is at present responsible for the Department of Labour. I am pleased that the department has seen fit to employ a man who formerly sat in the house. I refer to Mr. Humphrey Mitchell. I met Mr. Mitchell in different places across Canada during the past summer, when he was engaged in the adjustment of labour disputes. When I met him last, in the city of Winnipeg, he and others associated with him were successful in

bringing about a settlement. I would expect that of Mr. Mitchell, because he has been a labour man—and I do not refer to "labour" in the political sense. I am referring to Mr. Mitchell as a worker, one who has worked hard all through his life. As a matter of fact, I believe he was in a line of business similar to that in which I was engaged.

During the past summer I made some investigations in respect of plants where they were having trouble. I am convinced that in some of the plants in Toronto in which there have been strikes the cause can be traced to the government's own plant in that city. In Toronto the government has a large plant employing several thousands. I believe the employees in that plant are treated exceptionally well. I am informed that cost of production in the government plant is not all important, because the operators receive a certain percentage above costs. On the other hand a private plant cannot operate on that basis. It has not the government behind it to guarantee that there will be no loss. It must sharpen its pencil, and figure out costs. Government plants do not have to do that. While I am in hearty accord with the government's setting an example of good wages, reasonable hours, and so on, it must be understood that every other plant cannot operate on the same basis.

Therefore, if the government intends to prevent strikes in other plants which cannot operate in a similar manner, certainly it should try to prevent strikes by providing a sufficiently large cost of living bonus for the men and women working in private plants. I am strongly in favour of adequate return for adequate service. If privately owned companies could operate on the same basis as government plants, they would be able to do what those government plants are now doing.

Something has been said about oil. I am not going to speak at length at this time on that subject, but I purpose doing so at the next session. On that occasion, after travel during the summer which extended over fifteen thousand miles, I intend to set out a programme of national rehabilitation. I should like, however, to make one or two observations in advance about oil. The minister presented the problem clearly. I cannot forget one salient circumstance, namely that several million German soldiers are hastening as fast as they can toward the Caucasus, the Russian oil fields, principally centred round Batum. In that area about 218,000,000 barrels are produced each year. If the Caucasus are taken, what is to stop the Germans from taking Iraq and Iran, where about 80,000,000 to 100,000,000 barrels are produced? They already have the Rumanian fields, where about 40,000,000 barrels are produced. If they were successful in obtaining the three other fields I have mentioned, they would have all the oil required to fight a war for any length of time they might wish to fight it.

The largest producer of oil is the United States, which produces more than all other countries of the world put together. The United States produces 1,350,000,000 barrels of oil a year. Canada produces just a little over 8,000,000 barrels a year. I remember, before the war broke out, hearing or reading, or both, that the German government or someone associated with it had applied to Canada—I do not remember how—for the right to run a pipeline from an oil field in Canada to the Pacific coast. I cannot think for one second that they had the Turner valley oil field in mind. The Turner valley is a really fine oil field, well managed and with an excellent plant, as good as any in the world. I was through it and was greatly pleased with what I saw. But its capacity is limited. I remember last session asking the Minister of Mines and Resources if it would be worth while running a pipeline from Turner valley to the Pacific coast, and as I remember, he replied in the negative. Then what part of the country did Hitler or the German government have in mind to run a pipeline from? After a thorough investigation I am convinced that what they had in mind was running a pipeline from the Athabaska river near McMurray at the junction of the Athabaska and Clearwater rivers.

I am quite aware of the fact that there can be an improvement in the method of extracting oil from the oil sands. I also know that the McMurray oil fields are not too far away to run a pipeline from there to Edmonton. On the Athabaska river we have by far the greatest potential oil field in the world. It is said that Canada could produce from there one hundred billion barrels of oil, and United States geologists have put the figure at two hundred and fifty billion barrels of potential oil. There can be improvements made in extraction, although they are doing a very satisfactory job there now. They are producing and shipping oil—I saw it at various mines—seven or eight hundred miles north, and I heard it pronounced as good as the best in the world. If those statements are true, and I know that they are true, and that they are producing oil and doing it fairly rapidly—it takes only three minutes to extract the oil, twenty minutes to get it into the tanks, and seventy minutes to turn it into

finished oil; it is said the system of extraction can be improved—therefore I am going to ask the minister between now and the next session of parliament to have his department investigate the possibilities in that region. Oil is perhaps the most important of our munitions requirements, and next year we may have to be shipping vast quantities of oil for the use of the British navy; for it may be—I hope it will not be—impossible for them to get the oil from Iraq or Iran, and there is no other source except the Dutch East Indies, which produces only about sixty million barrels a year; Venezuela, which produces about two hundred million barrels a year, and the United States. Therefore I am going to ask the minister to have his engineers survey that oil field, and if it is found that vast quantities of oil can be produced rapidly, to bring a bill into this house, if necessary, to erect refineries, or support companies that will do it, in the Athabaska river valley or the Peace river valley, for they have a lot of oil there too, with a view to our producing the greatest possible quantity of oil. I quite realize that to do so might result in our having too many refineries after the war. But that is not our problem now. Our problem to-day is to win the war, and then deal with these other problems after the war. If the minister with his energy will undertake to have that field surveyed and the possibilities explored, I hope that he will have something to present to the house next session, when I propose to deal with this question in a much more extended way.

I wish to speak for a moment about maintaining harmony in industry. The government has granted a cost of living bonus—and I am heartily in accord with that step—to certain classes of the civil service which it believes should be granted such a bonus. Certain municipalities have done likewise, also some industrial plants. I hope that some method may be worked out whereby all workers in industry will be granted a cost of living bonus. I should like the present scheme to go further, for the sake of maintaining harmony in this country. I should like to see a cost of living bonus granted to pensioned returned soldiers of the last war and to the dependents of soldiers of this war and the great war, and further I should like to see a cost of living bonus granted to those receiving old age pensions. I know that would make a long list, but harmony in war time is essential, and you cannot have harmony if you give a cost of living bonus to this class and that class and leave out other classes. It should be uniform and apply all round.

Mr. FAIR: To the farmers, too?

[Mr. MacNicol.]

Mr. MacNICOL: I certainly believe that the farmers are deserving of consideration and I have always been an advocate for them. In fact, I have come to the conclusion, after travelling extensively in the farming areas of the west, that there are places where the farmers should be given a pension for staying on the farm. They do the very best work, and farming is an essential part of our war effort.

I have made a bit of a survey in our retail stores, and I know that when the average working man's wife goes to a merchant on St. Clair avenue in Toronto, the part of the city where I live, but it applies everywhere else, she finds, as I found when I made investigation, that the cost of what she has to buy has gone up on many commodities from forty to sixty per cent. I know that some classes are receiving a small cost of living bonus, but certainly it is not the equivalent of a forty to sixty per cent rise in the price of the necessaries of life which the average housewife has to pay.

I wish to refer to something the Minister for Naval Services (M. Macdonald) said the other day. He said that submarines had been sighted off the coast of Labrador. Last year when I was making a survey along the shores of Hudson bay I talked at Churchill with some of the old residents there, and they told me that when the Eskimos came to Churchill in the summer they had reported seeing igloos floating on the water with a stovepipe sticking out of the top of the igloo. If the Eskimos really saw an igloo with a smoke pipe, if that was not the product of their imagination, it was not an igloo at all but a submarine. I do not for a moment say that submarines have been in there, but on the other hand I see no reason under the sun why they could not get in there. For a submarine to get into Hudson bay, all it has to do is to come west of Greenland, enter a very deep and wide strait—from forty to a hundred miles wide—pass between a few islands at the mouth of Hudson bay, and then it is in that great bay which is almost an ocean by itself. No one can predict what will have happened by this time next year. I have read that in Germany they are producing very large submarines, which will carry aeroplanes, and I have been saying to myself, what will happen if a submarine gets into Hudson bay carrying high-powered bombing planes and releases them somewhere near the south end of the bay? That, I believe, Mr. Chairman, is in your own bailiwick, or not far from the constituency which you represent. A submarine arrving in Hudson bay might release an aeroplane which could make a round trip of a couple of thousand miles and might blow Winnipeg right off the map; the city would

have no defence beyond, perhaps, a few anti-aircraft guns. At least I do not know; I hope it has a good many. For that matter, perhaps German submarines might send aeroplanes down to Toronto and blow it off the map; it is not more than 900 to 1,000 miles from the south end of Hudson bay. I hope that the government has provided against events of that kind. I am told that there are aeroplane fields up in that country; I hope there are, and that there is adequate defence of our back-door. But this summer, when I was travelling in that million-square-mile area north of Edmonton, up around the 63rd parallel, I inquired from those who should be informed as to how many mounted policemen were up there, and was told that from the 63rd parallel north there were approximately thirty. I hope there are more than that, in view of the danger from high-powered aeroplanes. Our back-doors in the north are, I trust, properly provided with equipment to shoot off any aeroplanes coming from that direction.

I have just a word or two to say about recruiting. I have travelled a great deal this past summer. I visited various towns where there are military camps, and saw some things which I did not like, and which might be expected under the system under which we are now recruiting men for the army. I was rather alarmed when the Minister of National Defence (Mr. Ralston) made the statement the other day that recruiting had fallen down. I noticed that on Friday last the Hon. Charles Dunning, who sat in this chamber for many years, referred to the matter in these words:

> This is our war. Waiting for it to come to Montreal is the surest way of letting it reach our shores.

On the same occasion, Brigadier-General Panet mentioned the statement of the Minister of National Defence that recruiting in the past months had dropped. That is a serious circumstance. It is not for me to tell the government how it is going to get recruits; that is their responsibility. But I want strongly to emphasize my belief that the government should tell us before we go home how they expect to get the necessary recruits without some system of national compulsory service. I am not going to tell them the system. There are different systems. I am not familiar with the one in use in the United States, nor can I say that I know how the British system operates; but there is a method whereby governments can get recruits, and it should be selective; the men should not be taken holus-bolus. As an industrialist I realize that there are many good men in tank plants, gun plants, screw plants, and factories making all the components which enter into the construction of war munitions who should not be taken into the army. Well, how are you going to keep them out of the army unless you have some system of selection? The same consideration applies to agriculture, in the case of farmers' sons and the like. My investigation showed me that there is something which is not quite right. The Minister of National Defence was quite emphatic the other evening as to the government's objective; he said that the government of Canada is pledged to an all-out war effort, and he then stated that that effort at the moment amounted to the following:

> At the present time we have overseas—

I assume, in England.

> —the first and second divisions, the third division which went overseas in July; the army tank brigade, and thousands of corps and army troops,—

To which, he said, he would refer a little later. Then he added:

> We have in Canada the fifth armoured division, which according to the programme is to go overseas before very long.

Upon being questioned, he added that the total number of men now overseas is 110,000. I have been trying to read up what is being done by other parts of the empire and to make some deductions therefrom, and I found a statement as to the recent campaigns in Greece and Crete. I have not so far come across a statement about the campaign last winter in Libya. But, regarding the Greek and Cretan campaigns, I find that Australia and New Zealand had, in Greece, 33,657 men and in Crete, some 13,550 troops, or a total of 47,207.

Mr. POWER: You did not add the two together, did you?

Mr. MacNICOL: The troops engaged in Greece and in Crete were partly, but not wholly the same. The Crete totals at the start of the fighting included men evacuated from Greece but not reevacuated to Egypt before the Crete operations. I have not been able to separate the numbers who were taken out of Greece into Crete; certainly not all of them were, because the numbers in Crete were very much smaller than those engaged in Greece. At all events, taking the situation of Greece alone, it is clear that there were 33,657 Australians and New Zealanders, of whom 5,234 were killed, wounded, or missing—captured or otherwise. Then, of the numbers of Australian and New Zealand troops who had been in Greece and went to Crete, plus any others, the loss in Crete was 6,100; a total of 11,334. If you deduct those as casualties from a total of 33,657, the losses amount to approximately thirty-three and a third per cent.

Mr. POWER: Is it the purpose of my hon. friend to show that we should have casualties?

Mr. MacNICOL: No, no. I might ask the minister the same question; is it his purpose in enlisting young men to go into the air force to have casualties?

Mr. POWER: No.

Mr. MacNICOL: The minister knows it is foolish to ask questions like that. I agree that he is just as much interested as I am in seeing that the war is conducted as it should be; perhaps his concern is greater because he knows so much more about the responsibility.

Mr. POWER: But why the comparison? The comparison seems to be intended to show that there is something wrong with us because we do not get our men killed.

Mr. MacNICOL: If the minister will just possess himself in patience for a minute or two, I shall ask him a question based on these figures. If we take the figure for Greece, there were 33,657 Australians and New Zealanders there, and of those who were in Greece and in Crete, according to this statement published on August 7 by the Canadian Press, from London, the total loss was 11,334. Let me ask the minister this question. If these had been Canadian troops, by what method would the government have provided the men to take the places of those who were lost?

Mr. POWER: Probably by the same method that is followed in Australia. It is exactly the same as we have here.

Mr. MacNICOL: If the minister makes that statement, then I will ask him why it is that in Canada the men recruited are so much less in number comparatively than in Australia.

Mr. POWER: I am not prepared to admit that either.

Mr. MacNICOL: I am prepared to prove it.

Mr. POWER: I wish the hon. member would.

Mr. MacNICOL: I will prove it by quotations. I do not know that it is true, but on November 8 the statement appeared in *News* of Toronto that in Australia there were 532,000 men under arms and 250,000 more at home, or 782,000. They have 170,000 in munition plants.

Mr. POWER: Is my hon. friend able to break down those figures?

Mr. MacNICOL: The minister will try to make out that we are doing the best we can, and I have not said that we are not.

[Mr. MacNicol.]

Mr. POWER: I am asking the hon. member to break down the figures and tell us how many there are in home defence.

Mr. MacNICOL: The statement is that 532,000 men have enlisted for active service.

Mr. POWER: Overseas?

Mr. MacNICOL: How otherwise does the minister suppose that they had troops at Singapore, in Iran and Iraq, and in Libya, as well as in Greece and Crete? I am surprised that the minister should try to belittle their effort.

Mr. POWER: I am making a distinction between that and fouling our own nest.

Mr. MacNICOL: I have not said one word against our own effort. I am as loyal a Canadian as the minister is and I have not said a word to disparage what we are doing, but I do not know how good that effort is or whether it should be better because there is nothing by which a comparison can be made. There is nothing to go on except what we read in the press. I hope that at the next session when the minister makes his statement with regard to Canada's air force he will be quite explicit. Let me say here at once that there are no better aviators in the world than the Canadians and I am sure they will give a good account of themselves wherever they go. Their efforts will shine with glory. I want the minister, however, to tell us next session, if it is in order, how we compare with Australia or with New Zealand in the air.

Mr. POWER: As soon as I get permission to give the official figures from Australia I will give them, but I can tell my hon. friend that they are nothing like those he quoted.

Mr. MacNICOL: I am not responsible for these quotations; they are dispatches to the press.

Mr. POWER: Why does the hon. member argue on something he knows nothing about?

Mr. MacNICOL: I will say at once, however, that so far as the Canadian Press is concerned, I believe any dispatch it sends out is correct as far as it has the facts. Now that the recruiting effort has been mentioned, may I make this statement after what the Minister of National Defence said. He told us that there were several committees—the civilian committee, the agriculture committee, the industrial committee—all of them working as best they can to persuade young men working in various plants and on farms to enter the service. Let me tell the committee what I saw in connection with this system.

I travelled a good deal last summer, and one evening I saw in front of a hotel in the west two stout, well built men, far beyond the fighting age—they were as old as I am—bulldozing a young man about joining the army. I did not wish to reveal who I was because I thought I might get into trouble, but I certainly do not agree with that system of recruiting. I do not agree with the bulldozing of young men in the street. I cannot endorse that method of intimidation. Young men have a great responsibility, and if they want to enlist, if it is in their hearts, I assume they will volunteer. That has been the British spirit at all times, but I do not believe in the intimidation of young men. May I mention what I was told in one recruiting camp. I do not believe this, but I will tell the committee what I heard. I hope it is wholly untrue. At any rate, I heard that three pieces of paper were handed to a young chap and they would ask him to choose the one he wanted. The blue one said that he would enlist; the white one said that he would consider it and think it over; the yellow paper declared that he was not going to enlist for overseas service at all. I hope there is not a word of truth in that, though I have heard it and I believe others have. If it is true, I am not in accord with it.

I am not going to back up the statement about recruiting falling down. I have here a good many clippings from Pembroke, Winnipeg and across Canada. I am going to take the minister's statement in this regard. The state of affairs being what it is, and taking the loss of our troops in wastage, through sickness, through men being sent home for one reason or another, I would ask this question.

Mr. WARREN: The hon. member has referred to Pembroke. Has he read in the newspapers that the enlistments in the Pembroke district to date are equal to the enlistments in that district for the four years of the last war?

An hon. MEMBER: How does the population compare?

Mr. WARREN: The population is about what it was.

Mr. MacNICOL: I am not finding fault with what was done in the Pembroke district. I have no doubt the young men there will enlist as loyally as in any other part of Canada, but I have this statement from the press:

> Pembroke, Oct. 17—(staff)—Concern over a heavy decrease of enlistments in the counties of Lanark and Renfrew during the past week was expressed to-day by Lieut. Purvis, district recruiting officer.

That gentleman may not have had the facts, but that is his statement.

The ACTING CHAIRMAN (Mr. Bradette): The hon. member has spoken for forty minutes.

Mr. CLARENCE GILLIS (Cape Breton South): I understand that the hon. member for Mackenzie (Mr. Nicholson) does not wish to speak at this time. I am going to be as brief and as explicit as possible in what I have to say. I rise after listening to the last speaker in his references to recruiting, labour and so on, and I wonder, as I often wonder, when I hear discussions in the house, whether we expect to win the war here; for, as far as I can see, travelling across the country, this is where most of the war effort is being made. One thing that most members fail to recognize is that Canada's largest army to-day is in overalls.

Our greatest requirement is production. While what I have to say may not come directly within the province of the Minister of Munitions and Supply (Mr. Howe), his department is eventually affected. I wish to call attention to something that I had the privilege of seeing yesterday for myself. From time to time hon. members rise in their places and talk about democracy and the necessity for its preservation, and our democratic way of life, and fine phrases like that, but as far as that army in overalls is concerned anything but democracy is being practised. It is no mystery to me why we are not getting recruits voluntarily. In order to get men to fight they must be assured that they have something to fight for, and for hon. members to rise in their places and use all these fine phrases about democracy does not make it a reality, because democracy is something that is supposed to work in the lives of the people. I draw this to the minister's attention, that there is now developing in the Kirkland Lake area a situation which, if allowed to continue, will have serious repercussions not only in that area but perhaps all across Canada, and will eventually ramify into the Department of Munitions and Supply, because the same situation is developing at the Ford Motor company in Windsor where the machines are made that are so necessary to our war effort.

I remember the efforts of the workers at Kirkland Lake to accept the principles laid down by the federal government, the right to organize and bargain collectively with their employers. These men have been patient and long-suffering; they have gone along for the past fifteen or sixteen months through all the legal processes provided by the govern-

ment with respect to exercising that democracy about which we talk so much. A commission made inquiry into the situation in that district and recommended a company union. The men still carried on negotiations with the government through the Department of Labour and were successful in having another conciliation board appointed. This board unanimously recommended recognition of the union in that district. The operators refused to obey that mandate of the conciliation board. The operators refused to obey the laws of the country, and their only excuse for refusing to accept the decision of the conciliation board was that they would not do business with the C.I.O. I know something about the C.I.O. and I say that the C.I.O. does not exist in Canada at the present time. To begin with, the C.I.O. is not a trade union, it is a trade union centre. The C.I.O. does not sign collective agreements, does not negotiate wage agreements. The C.I.O. is a legislative centre for the unions in the United States; when the Canadian Congress of Labour was set up in Canada it replaced the C.I.O. in Canada, and the Canadian Congress of Labour is now the legislative centre for the industrial unions in Canada. Therefore the mine operators are very badly confused or misinformed or else are deliberately ducking the issue when they give as a reason for not accepting the mandate of this board that they will not do business with the C.I.O. They will not have to do business with the C.I.O. but will do business with their own workmen in that section once the organization is set up.

Speaking again of democracy, I consider the franchise to be the very basis of democracy. But the machinery provided by the Department of Labour for taking that vote in Kirkland Lake was a disgrace. Whoever was responsible for it made a complete mess. I was there on Sunday, attended three meetings in the afternoon, and I say that there is as well developed and as well led a trades union movement in that section as in any other part of Canada, sensible men who know where they are going and who are patient and long-suffering. Some eight or ten men from the Department of Labour went in there and conducted that vote. The men were given no opportunity to see the form of ballot that was to be used; they were given no list of those eligible to vote. Let me read the ballot; if this is not a deliberate attempt to take the franchise from the men on that question, then I am no judge of ballots. It starts off with some straight propaganda for company unionism. It reads:

Your employer agrees to negotiate with a committee elected by the employees of the company but not with local 240 of the Mine, Mill and Smelter Workers' Union.

Are you in favour of a strike unless the company is prepared to negotiate with local 240?

Yes	
No	

That ballot is handed to these men with no opportunity given to understand it; it is a deliberate attempt to propagandize against the legitimate rights of the men in that section.

This is what I am concerned about; the main concern of any responsible executive of a trade union is to avoid trouble or head it off. Hon. members know that since I have been in this house I have continuously given warning against what would happen. For five and a half months last summer we went through a mess in Nova Scotia that would not have arisen had attention been paid to some of the things I said here. Now I see developing a similar situation in Kirkland Lake. According to the figures I see in the press the men voted in favour of a strike. Some 4,500 men are affected; an entire community is affected, and if that strike develops it is a shame and a crime on the part of those responsible for handling the situation. The men could legally have gone on strike this morning, but they postponed it until Thursday in order to give the Minister of Labour (Mr. McLarty) an opportunity for further negotiation to make the mine operators see what is fair and just.

A strike is an easy thing to call, but a hard thing to settle. The workers there have canvassed all their legal rights; if a strike takes place it is going to affect the entire labour movement in Canada, because there has been so much injustice and disregard of regular procedure in that area that the entire labour movement in Canada will take it up, and perhaps we shall have trouble from coast to coast, while all that is necessary to head it off is that someone with authority, realizing what should be done, shall settle the matter on the basis of that vote.

I bring this situation to the attention of the committee now because I know that if this continues until Thursday morning without something being done to assure the men there that their democratic rights are going to be protected, there will be trouble and that

trouble may spread all across Canada. The people in Windsor sent a telegram which was read here the other day and we have had several letters, making the same objection to the same form of ballot. Instead of the matter being decided on the majority basis, the same basis as that on which hon. members are elected to this house, the eligible vote at the mine is taken and every vote not cast is counted as a vote against the union. Yet even on that basis the union won with quite a large percentage.

In rising it was not my intention to waste time or to make a long speech. I simply wished to direct the attention of the committee and of the Minister of Munitions and Supply —because he is going to be affected sooner or later if this is allowed to continue—to the situation that exists. Instead of criticism I am presenting an appeal to those in authority to stop this, to do something about it before it goes too far.

Mr. CASTLEDEN: On Friday afternoon the minister requested that I should repeat my questions to-day, with regard to the increase in the consumption of gasoline in June, August and September of this year compared with the same months of last year.

Mr. HOWE: I have the information requested by my hon. friend, but I think, to give it fairly, I should give it month by month from January on, because in April there was an increase in taxation which affected the figures considerably. The statement is as follows:

1941	Increase per cent
January	10·6
February	12·8
March	22·5
April	45·0
May	7·7
June	11·2

Average, 18 per cent.

My hon. friend will recall that there was a three cent increase in the tax on gasoline in April, so a large part of the increase in that month was due to people who stocked up in anticipation of that increase.

Mr. CASTLEDEN: Do these figures show the value of the gasoline?

Mr. HOWE: No; this is the percentage increase in the number of gallons used.

Mr. JOHNSTON (Bow River): What has been the increased production in Canada, say in the last six months or year?

Mr. HOWE: I gave the figure; it is in *Hansard*.

Mr. JOHNSTON (Bow River): I mean the Canadian production.

Mr. HOWE: I think I gave that figure.

Mr. CASTLEDEN: I understand the July increase was about 20 per cent?

Mr. HOWE: Yes.

Mr. CASTLEDEN: Has the minister the figures for August or September?

Mr. HOWE: There was a sharp reduction, as a result of the rationing. I think the August figure came very close to the figure for August last year, while the September and October figures were arbitrarily set at 20 per cent below the corresponding figures for September and October of last year.

Mr. MacINNIS: When rationing went into effect this autumn I believe there was an increase of one cent a gallon in the retail price of gasoline. What was the reason for that increase in price? Did the companies provide the department with information indicating that an increase was necessary; and, if that information has been supplied, will the minister give it to the committee?

Mr. HOWE: The increase in the price of gasoline came after some months of control, as a result of the steady increase in the price of crude. I mentioned on Friday that during the same period the price of gasoline at the gulf, which of course is where all our gasoline originates, and where transportation charges do not have to be considered, had risen two cents, while the price of gasoline in New York, where the transportation charges are much lower than to Canadian points, had risen by from 2·4 to 2·6 cents. The increase of one cent in August was looked into very carefully. All the savings that had been made possible by the oil companies through the regulations of the controller, such as cutting out the use of credit cards and similar savings, were assessed, and the companies were given considerably less than they asked. Subsequently they took their case to the war-time prices and trade board, and the situation was carefully reviewed by that board which at that time was responsible for all prices. A further increase of one cent in the price of gasoline was granted in certain areas, I think in the maritime provinces, Quebec and eastern Ontario. It was not granted in western Ontario, the prairies or British Columbia.

Mr. CASTLEDEN: I should like to ask whether we shall be given a statement on what is being done in the way of reclaiming lubricating oil. I understand a process has

been perfected by which they can take lubricating oil that has been used in aeroplane engines for a certain number of hours and, by heating it and putting it through pressure, can filter and reclaim that oil to a very high standard, at very little cost.

Mr. HOWE: I think every militia camp has an oil reclaiming unit. It is my understanding that oil from the airports, as well as the oil used in the military vehicles, is sent to these militia centres, where it is reclaimed and used over again. Of course, my hon. friend will understand that it could not be used for aeroplane engines; it is not brought back to its original grade, though it is not a bad grade after being reclaimed. It can be put through this process once or twice with good results, and I believe pretty well every army vehicle is using reclaimed oil.

Mr. CASTLEDEN: My information was that in large areas of the west this was being done by private firms, that the militia units were not doing it.

Mr. HOWE: I know there is one of these units at Camp Borden, because I have seen it, and I think we have purchased reclaiming outfits for all the military camps. I doubt very much if oil from either military aeroplanes or military vehicles is being refined by private firms; I should be surprised if that were the situation. I do not see how they could acquire the oil to refine it.

Mr. FAIR: I wonder whether the minister or the oil controller has considered giving the farmers the right to purchase gasoline in barrels for their cars. As a rule farmers do not live within a few blocks of a service station. In many instances they are twenty, thirty or even more miles from a filling station, and in order to buy what gasoline they can afford they are compelled to use one, two, three or perhaps more gallons of gasoline to make the trip. In my particular area the price of ethyl gasoline by the barrel is 34 cents a gallon. At the pump the same gasoline costs 39 cents a gallon, or almost the price of a bushel of wheat. I wonder whether some step could not be taken to give the farmer a small break by allowing him to buy gasoline both for automobile and truck use by the barrel, instead of compelling him to go to the pump and needlessly waste gasoline.

Mr. HOWE: I think farmers have been given certain concessions that have not been extended to owners of ordinary pleasure cars. I believe a farmer is allowed to purchase gasoline in cans, is he not?

Mr. CASTLEDEN: No, not for a car.

[Mr. Castleden.]

Mr. HOWE: Perhaps he can purchase it in cans for his farm machines, but not for his car. I believe all this will be corrected as soon as it is possible to put in the coupon books. Then the farmer will have a coupon book which he can use at all times, and the present restrictions, which were designed to cut down the use of gasoline, of course will not apply. I dare say that at that time some arrangement can be made such as my hon. friend suggests. The ethyl gasoline to which he referred would be used for pleasure driving.

Mr. FAIR: It is also used in a number of new trucks now being produced, because it gives better performance. If we were allowed to purchase in barrel quantities we would save five cents a gallon. We now pay $17.55 per 45-gallon barrel for ethyl gasoline, when purchasing locally. That is a condition which should be corrected.

Mr. HOWE: The hon. member's observations illustrate the difficulty of having uniform regulations in Canada. This is a most difficult country in which to ration or control gasoline, because different areas present different conditions. I am sure, however, that the oil controller is constantly obtaining new information and solving new difficulties. The reason why we did not ration gasoline months ago is that we had to acquire a great deal of information respecting the requirements in different areas across the country. I am hopeful that when a complete rationing system comes out, it will be possible to take into account all conditions, including the ones mentioned by the hon. member.

Mr. JOHNSTON (Bow River): I believe what has been said exemplifies the lack of foresight the government has shown in respect of its handling of oil. The hon. member for Davenport pointed out the necessity for the government immediately considering the possibility of utilizing the Alberta tar sands. I recall speaking particularly about the Alberta tar sands immediately after the outbreak of the war. On that occasion I pointed out that a German syndicate had offered to install a pipeline. On that occasion the Minister of Munitions and Supply answered me.

It is now evident that there is a shortage of gasoline. While in my opinion the time is long past when this matter should have been looked after. I would urge that it be done now. The government should do everything possible to increase production. It goes without question that there is a tremendous supply of oil products in the tar sands of Athabaska.

Some money may be required to develop production. If, however, we want gasoline, then why do we not go out and get it?

It is now said that gasoline is to be rationed. I am completely mystified, because when price control was discussed some time ago the government told us that rationing could not be carried out. Yet it is now undertaking to do so. The only difficulty is that it is about two years too late in beginning. A year ago in the house I pointed out that if there was a scarcity of any commodity it would not be proper to allow the price to increase, as has been done with respect to gasoline. The proper procedure was to enforce rationing. If we are short of gasoline, let us not just fool round with the idea of rationing; let us have a strict rationing system. If we are really in need of gasoline, every pleasure car in the country should be put off the road.

At the same time I believe the present system of gasoline control is wrong, and the government is losing the confidence of the people, not only through the operation of the control now in effect, but because it is not making every endeavour to increase production. The minister has said that he placed production figures on *Hansard*. I looked for them this morning, but did not succeed in finding them.

I have in mind particularly the Turner valley, and the tar sands in the north. I believe that in those fields the government has done nothing more than a small amount of surveying of possibilities. I am concerned chiefly with the actual increase in oil production. I am convinced that in the last six months or the last year oil production in Canada has not been increased to any appreciable degree, certainly not to the amount it should have reached, if we really wanted to obtain gasoline.

The statement published by the Joy Oil company is astonishing. I do not believe the minister has answered it fully. One paragraph reads:

> During September, 1941, we were promised tankers by the United States tanker pool, providing we secured the recommendation of Canadian oil controller, G. R. Cottrelle. Despite our repeated efforts, Cottrelle refused all our requests, and we were advised to buy our gasoline from the big Canadian oil companies.

That is a serious charge. They were short of gasoline—and I have no doubt the Minister of Munitions and Supply is right when he says there is a shortage. If we are short of gasoline, then why force this large oil company to buy from Canadian companies, when it could buy from the United States? It must be remembered, too, that this company is underselling other Canadian companies. If I am to be robbed, I do not care if it is done by a Canadian or an American. My only concern is that I am being robbed. Surely the Imperial Oil company could sell gasoline just as cheaply as the Joy Oil company? If I am correctly informed, the Imperial Oil company is only a subsidiary of the Standard Oil company of the United States.

I can see where oil companies might gain great advantage by rationing present supplies, even to the extent of eliminating civilian consumption. I believe it would be more to their advantage to have such rationing than to have an increase in production which would take care of both civilian and war-time needs. After the war, in the event of increased production we would have an abundant supply of gasoline, and prices would naturally decrease. The oil companies which have practically a monopoly of oil production in Canada would have a tendency to keep the price up, and to cut down the supply.

I believe the government is negligent almost to the point of—yes, someone has whispered "sabotage"—when it neglects its present opportunity to increase our oil production to the maximum. The minister may say, as he did once before, that the government is not going to put money into oil production. If he does reply in that way, then I say to him, as I did before, that it is the government's business to get the gasoline. I do not care how they get it, but certainly it is their business to get it. With our potentialities there is no reason for a shortage of gasoline. The tar sands in northern Alberta are estimated to be the largest potential oil fields in the world. Not one solitary thing is being done so far as actual production is concerned. Some surveys may have been made—but that is not production.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. DANIEL McIVOR (Fort William): Mr. Chairman, I had not intended to say anything to the committee, but I received a letter this morning from the secretary of the Thunder Bay Milk Producers' association. This letter draws a picture of what the farmers of that district have been going through. Their second crop of hay was lost; their wheat, oats and barley were rotting in the stook, and they have not been able to harvest their potatoes on account of wet weather. The story is told of one man with sixteen acres of

potatoes who had to go out in top-boots and dig enough for his own use; he lost his crop. The milk producers of the district want an increase of twenty-five cents per hundredweight for milk and an increase of five cents a pound for butterfat, for cream used in the fluid trade. This application, of course, has to go before the milk control board at Toronto, and the board's decision will have to be approved by the war-time prices and trade board. The milk producers certainly are deserving of consideration. I hope also that when the Minister of Finance (Mr. Ilsley) is considering the bonus question he will not forget the farmers in the Thunder bay district who have lost everything.

I hope, too, that the dependents of soldiers will receive first consideration when the bonus question is considered. The young man who has volunteered for service overseas and left his wife and children behind in Canada has certainly a better right to a bonus than the man who takes his place in civil life. Old age pensions should also be bonused.

I am sure, too, that this house will be grateful to the Minister of Finance for not adding a bonus to the salaries of the members of parliament. If such a bonus were suggested, I believe there would be a revolution in this house.

I should like to congratulate the Minister of Agriculture (Mr. Gardiner) who was a storm centre last year because he advocated growing less wheat and more feed. The farmers of Ontario must be wishing that he had got better support then, because they are very glad now to get feed from the west.

I also want to congratulate the government upon what it has done under the war-time housing scheme at the head of the lakes. We needed houses very badly at the head of the lakes, and the government came to our assistance. A local committee was formed, consisting of A. F. Hawkens, superintendent of the Canadian Pacific Railway; C. E. Chapple, of Chapple's Limited; E. J. Saulsby, manager of Canadian Car, and P. E. Doncaster, district engineer of the public works department. That committee got to work, and the result was that forty four-roomed dwellings were constructed renting at from $22 to $25; ten six-roomed dwellings renting at $30; and two staff houses for male workers, each housing eighty-eight men, or one hundred and seventy-six altogether. In those houses the rent for a single room is $4 a week, and for a double room, $3.25 for each occupant. The people who have been able to get into these houses have expressed their delight at these comfortable homes. I believe that thirty-six other houses are now under construction under this scheme.

I was pleased to hear the Minister of Labour (Mr. McLarty) the other day state that in future trades unionism must be interwoven with industry. I heard the hon. member for Davenport (Mr. MacNicol) speak to-day of how he rose from the ranks of labour, and he will take second place to nobody except perhaps myself in understanding labour men from the ground up. The government that gives the right to the worker to organize and to join any union of his choice, and ensures that it is not made a criminal offence for a man to belong to a union, is going to stand behind labour through thick and thin, and there are many of us in all groups in this house who will stand behind the government if they will carry out that policy, and who will criticize them if they do not. When I was belabouring the C.I.O., my brother-in-law, who is a doctor of sociology in the university of Michigan, said to me, "You are criticizing an organization about which you know very little," I said, "I know some bad things about it, and the way to help is to advertise the bad in it." He said that those who were responsible for the C.I.O. were the craft unions because they did not organize completely and include everybody in the industry. I found it to be true in the case of the Great Lakes Pulp and Paper company at Fort William, that they included everybody in their union without the C.I.O. The man who works with a shovel and does ordinary labouring work has just as much right to protection as any other man. I know there are things in the C.I.O. that are not very good. We shall have to watch the organization closely. Nevertheless any man who toils has to fight for his own good.

Turning to another matter, I would suggest to the government that we arrange for an exchange of ministers with Russia, for two reasons: First, the change that Russia has undergone and the change in our own attitude towards Russia. I can well remember the time when Russia wanted total disarmament by all countries, but got very little support. That was the day when the League of Nations began to slip a bit. Second, our own attitude to Russia changed completely when they announced freedom of religion and that they would allow a man to worship God as he pleases. That is what we appreciate in this country. Our attitude toward Russia also changed when, instead of being a potential enemy, she became an ally. Therefore I think it would be a wise move on the part of the government to arrange for an exchange of ministers with Russia.

I am not going to say much about what is going to happen after the war, but it is most hopeful when minister after minister, led by the Prime Minister (Mr. Mackenzie King) himself, says that after this war things are not going to be as they were after the last war. I can well remember when I struggled hard going about in my Ford car to try to find a returned man work at twenty-five cents an hour and could not find it. I do not think that day will ever come again. I hope we have learned a great deal since then, and when minister after minister rises in his place and says that we shall have a new social order after this war, a Christian social order, it gives us a good deal of hope. There are two things that I should like to see in this new Christian social order when it comes. I should like the Sabbath day to be a day of rest when a man can go to worship where he pleases. The other thing is this. We have heard a great deal about the control of gasoline in one way and another, but I have not heard a word said about the control of another liquid that is used by far more people than use gasoline. That is a matter which should be given consideration by the government.

Mr. GREEN: I should like to ask the Minister of Munitions and Supply whether any plans have been made for the operation of the merchant ships and for their manning. The minister announced in the house the other day that we would have approximately one hundred merchant ships in operation by the end of next year, and I believe there are to be fifty more in the following year. Large crews will be required to operate these vessels. I am not aware that any men are now being trained for that purpose, and I would ask the minister to explain to the committee just what the situation is at the present time with regard to crews.

Mr. HOWE: The Department of Transport has taken in hand the task of training crews for merchant ships. Manning pools have been established at Halifax and Montreal and are now in operation. Training schools are also being built in connection with these manning pools. It is the intention to pursue an intensive programme of enlisting and training candidates for the merchant marine.

Mr. GREEN: Will there not be schools on both coasts?

Mr. HOWE: I assume that there will also be a school on the west coast. I am not sure what the plans are for that. This is a new activity; it is just getting nicely under way. But I have no doubt that there will be training schools on the west coast as well. Of course, the advantage of working in connection with manning pools is that every man graduating from a school can be assured of being placed.

Mr. GREEN: How are they to be operated? By War-time Merchant Shipping, Limited, or by the government, or by private companies? That is, once the ships are actually carrying cargo?

Mr. HOWE: There again, I assume that the ships being built for Canada will be operated by the Canadian government merchant marine which was organized for that purpose in the last war and is now operating ships that have been seized as prizes of war in Canadian waters. I should imagine that would be the method of operation. But of course, the recruiting and training of merchant seamen constitute an operation which is carried on in connection with all British ships. Some of our ships are being built for Great Britain, on order from Great Britain, and some are being built on Canadian orders.

Mr. GREEN: Would it be against the public interest to disclose how many are for British order, and how many for Canadian?

Mr. HOWE: I believe that either twenty-six or twenty-eight ships are on British order, and the balance are Canadian.

Mr. GREEN: Apparently there is a shortage of steel. I see by a press report in the Vancouver *Sun* on November 3, that Mr. MacMillan, head of War-time Merchant Shipping, Limited, is quoted as saying:

> Shortage of steel for the ships has been and still is a serious problem. It has slowed up the programme considerably in all parts. There is not enough steel produced in Canada for all war purposes and the United States defence programme, now gathering real momentum, has cut down the amount that can be got from there.
>
> Mr. MacMillan said that experts have assured him that there will be plenty of steel by late next spring. He hopes they are right.

Could the minister tell us whether or not that report is correct?

Mr. HOWE: I would say that the shortage of steel is not as severe as is indicated in the newspaper extract which my hon. friend has just read. Steel, of course, is short in Canada. We have doubled the production of steel in Canada since the war began, but we have always imported steel from the United States, and we still do, and in about the same relative proportion to our own production as formerly. Usually, I believe, steel for about one-third of our Canadian production is imported from the United States. One difficulty was that we started a shipbuilding programme at several yards at exactly the same time; each yard required the same type of steel at the same time; and we had a

limited capacity for the individual ships. Another difficulty is that certain structural shapes which go into the ships have to be imported; they are heavier than any mill in Canada can roll. Just at the time we required them, the United States changed its system of priorities, and it has taken some time to get the system established. But the steel position in November is going to be very much better than in October, and I should say that by the end of the year no shipyard—at least, on present indications—will be short of steel. We have had, however, to curtail the amount of steel moving into domestic uses. We are letting the very minimum quantity of steel go into non-war uses at the moment. Practically every ton of billets that is being manufactured in Canada is being rolled into plate for ships or armour-plate or gun-barrel forgings or some use of that kind.

Mr. GREEN: Have we not now reached a time when wooden ships could be used to advantage? If steel is scarce, would it not be wise for War-time Merchant Shipping, Limited, to undertake also the building of wooden cargo vessels? I understand that this can be done, that there are men available who have had training in building wooden ships. Would it not be well for Canada now to branch out into the building of wooden vessels as well as steel ones?

Mr. HOWE: The question of whether or not wooden ships should be built received very careful consideration. Speaking personally, I became less and less enthusiastic as I studied the situation. The plain fact of the matter is that the cost per ton of the wooden ship is at least as great as and perhaps somewhat greater than the cost per ton of the steel ship. Operating costs are considerably higher for wooden ships than for steel ships. It must be quite obvious, I think, to all hon. members, that a timber ship would have no post-war value, and that the same man-hours put into a steel ship would produce much more value, even for war time, than the same man-hours put into a timber ship.

It may be said that a different class of labour is used in the construction of a timber ship. That is true to only a limited extent. The hulls of ships are, of course, a great deal less than half the cost of the ship; they are, perhaps, no more than one-third of the cost; and it is only the steel hull as against the wooden hull that we are discussing. For the interior fittings we draw on the same manufacturing resources for the steel ship as for the wooden ship.

As far as the Department of Munitions and Supply is concerned, and viewing the matter solely from that point of view, we of course build on order from someone. We usually have a customer for the gun or tank or ship or whatever we build, before we build it. We have no appropriations of our own excepting for ordinary running expenses. If the Department of National Defence for Naval Services want a corvette, they come to us with a certificate of encumbrance, plus the order for the corvette, turn over the money to us, and we build the corvette and deliver it to them. That applies to everything which we build. While we have had no customer for a wooden ship, we have had many people come forward quite willing to build those ships; we have had nobody come forward to say that they want them.

Mr. GREEN: Who would order the ships? The navy, or the Department of Transport?

Mr. HOWE: It might be the merchant marine, or it might be the Canadian shipping board.

Mr. CRUICKSHANK: Who is the Canadian shipping board?

Mr. HOWE: The Canadian shipping board is a board that operates under the Department of Trade and Commerce.

Mr. CRUICKSHANK: Under the instructions of the government?

Mr. HOWE: Yes.

Mr. CRUICKSHANK: Well, then, we can tell them to buy them. Am I to understand—if I may ask a question in connection with this matter of the wooden ships—that the urgency of the situation is surmounted by the dollars and cents point of view? Is that correct?

Mr. HOWE: No, I would not say that.

Mr. CRUICKSHANK: I understood the minister just now to say that.

Mr. HOWE: We have tried in our war manufacturing to turn out a good article, and I think we have succeeded very well. If we build a ship, we build a ship which is a good ship compared with any on the ocean. If we build a tank, it is a good tank; if we build a gun, it is a good gun, equal to any. I think that when you turn out a wooden ship in this day and generation, you are turning out a second-class article, and one which hardly justifies the man-hours and the material which you put into it.

Mr. GREEN: Do I understand that the minister's point is that the building of wooden ships would interfere with the construction of steel ships?

Mr. HOWE: Yes. Of course the engines for wooden ships come from the same factories which build engines for the steel ships.

Mr. GREEN: I have in mind that it should be possible to increase the number of ships which Canada can build, by building these wooden ships in addition to the steel ships. That is the argument, I believe, which is being advanced.

Mr. HOWE: Of course you can build wooden hulls without competing materially with the steel hulls, although there is a good deal of steel even in a wooden hull. When you come to all the fittings of the ship you are stepping into the same factories that are building interior fittings for the steel ships, and with a little greater effort you could get a steel hull as well as you could a timber one.

Mr. CRUICKSHANK: Where are you getting the steel?

Mr. HOWE: We are getting it.

Mr. CRUICKSHANK: I understood the minister to say he could not get sufficient steel.

Mr. HOWE: We are doing all right so far.

Mr. CRUICKSHANK: Am I to understand the minister to say that we are building a sufficient number of ships to meet the emergency?

Mr. HOWE: We look upon Britain as a great shipbuilding country and it has been building ships for a great many years. It is still building ships; every yard is full

Mr. CRUICKSHANK: England is still being bombed, too.

Mr. HOWE: In the next year, 1942, we expect that Canada will turn out about the same tonnage of merchant ships as Britain will, which I think, for a country that was building no ships prior to the war, will not be a bad effort. In addition, we shall have a large naval programme which will also be turning out ships in our yards. There is, however, a limit to the extent of our effort in any direction, and I doubt whether we can go into a big programme of building timber ships without crippling our efforts in the direction of steel building.

Mr. GREEN: I would urge upon the minister that the question be considered very carefully. In the war effort, we have been inclined to think we could not do certain things and then the next week, by the pressure of events, we have found that we can do them. I fancy that the building of wooden ships will sooner or later exemplify that truth. I urge that he have his department or whoever is responsible for the decision review the whole position again. It may be that we are missing something that would be of great help in the war effort.

Mr. HOWE: I shall be glad to do so.

Mr. HARRIS (Danforth): Wooden ships at present are being built at Shelburne and Yarmouth, N.S. I understand that there are three under way. They are, I believe, going into the merchant marine service.

Mr. HOWE: Those are Fairmile ships. They are of the mine-sweeper type and are being built for our own navy and the British navy. That is a highly specialized timber ship built of mahogany and to naval specifications. It is a naval vessel.

Mr. HARRIS (Danforth): There is very little steel in these ships, and their construction certainly gives work to those skilled in this art in that part of Canada. It seems to me that if there is a shortage of that class of craft there is an abundance of room for immediate expansion of work. I have seen the work going on. At the very most there were only ten men working on one hull and probably six or eight on another, and the mill which was operating the band-saws to turn out cribwork and what-not did not have a staff of sawyers of more than a dozen. I do not believe that there was more than 150 horse-power in use, and a few ox teams for hauling in the logs, at a speed of two or three miles an hour, did not strike me as adequate. I do not wish to criticize, but I would point out that the lumber is there, and the people who have lived in that area on the Atlantic coast for many generations are accustomed to that class of work. I repeat, therefore, that there is certainly an abundance of room for a little more energy being put into that work. If, as the minister says, these particular wooden ships are efficient for a certain class of work, I should be glad if he would answer my question. I should like to have him outline the policy to show what is being done, not only in these two small yards but in many others in Nova Scotia.

Mr. HOWE: I think my hon. friend is getting rather mixed up between two programmes.

Mr. HARRIS (Danforth): On a point of order, Mr. Chairman, during the discussion on wooden ships I recited a case that is actually being discussed under this item, and properly so, and the minister rises in his place and says that the hon. member is getting mixed up. If he sees fit I would ask him to withdraw that remark. I think he is out of order in saying that I am mixed up.

Mr. HOWE: I withdraw. I will put it in another way. The hon. member for Vancouver South (Mr. Green) was speaking, I believe, about quite another programme of ships than that to which my hon. friend was referring. My hon. friend was discussing the small boat programme which is being carried out in fifty-four yards from one end of Canada to the other. We have built nearly 800 ships in these shipyards and we are still building them. Wooden ships are being built all along the Atlantic coast and on the great lakes as well as on the Pacific coast, but these are small-boat programmes and the boats are being built in yards suitable to that type. The hon. member for Vancouver South was referring to cargo boats which would have to be built in yards of the type suitable for steel ship construction, or new yards would have to be established of that general nature for the building of merchant ships. The programme to which the hon. member for Vancouver South was referring was not the same as the programme which my hon. friend was discussing.

Mr. A. M. NICHOLSON (Mackenzie): I wish to direct a few questions to the Minister of Munitions and Supply, but before doing so, I should like to make one or two remarks with regard to war-time housing. A dispatch from the minister's office points out that on October 27 there were twenty-seven cities and towns from coast to coast where war-time housing had been under way. According to this information we have appropriated $15,750,000 to complete projects that were authorized up to that date. We have provided for 4,427 houses, thirty-five staff houses and four dining halls. The sum of money mentioned might appear to be a large commitment, but if one thinks of it in terms of the entire appropriations for the Department of Munitions and Supply, it will seem small. According to the information the minister gave the other day, he has authorized to date contracts totalling $2,600,000,000. It is difficult for most of us to think in terms of such vast sums. I was examining the public accounts over the week-end, and I noticed that our entire war expenditures—demobilization expenditures included—during and since the last war totalled $1,695,000,000. In other words, this one department has awarded contracts for nearly $1,000,000,000 in excess of our entire war bill and costs since the last great war. If we add all our dominion government expenditures since 1868 chargeable to consolidated revenue fund, to capital, for railway subsidies, for war and demobilization, and for other charges until 1935, as reported on page 62 of the public accounts for the year ended March 31, 1941, we find a total of some $11,704,150,309, or about five times the amount of the expenditures in this one department.

When hon. members consider the tremendous development all across Canada in order to carry out the programme outlined by the minister, they will see how closely the supply of housing for the men working in the various industries is tied up with our whole industrial output. During the last great war it was not until 1918 that the matter of supplying housing was recognized as a national war emergency. But the situation during the last war was very different from what we find to-day. At the commencement of the last war we had a surplus of from 7 to 15 per cent of vacant houses in Canada. At the commencement of the present war it was less than one per cent. In addition to this, during the ten years preceding the outbreak of the war little was done in Canada to replace obsolete houses that were wearing out. It is estimated that we have about 2,500,000 housing units in Canada, and assuming that the life of the average house is fifty years we should be building 50,000 houses each year to provide for normal replacement, without making any provision for the new houses required as a result of shifts in population and the establishment of new families. But instead of building 50,000 houses a year, according to the information in Maclean's building reports we built in 1940, 20,933 houses; in 1939, 21,946; in 1938, 18,565; in 1937, 18,284, and for the years 1932 to 1936, an average of less than 12,000 a year. Thus it can be readily understood that we entered this war with a serious shortage of housing.

In peace time, with a large number of people unemployed, it is possible for two or three families to be housed together in one building; but when the men go back to work, start receiving wages, coming home from work at all hours of the day or night, it is only natural that families desire to have individual houses. It is not conducive to efficiency to have several families living in one house and the sleep of the workers disturbed by men coming and going. Therefore we find large shifts in our population, large military and naval encampments about the country where people have brought their families and are finding great difficulty in securing accommodation.

I am very glad that early in the war the government recognized that this was becoming a national problem and appropriated a sum of money. I am not, however, satisfied with the administration of war-time housing as I see it. I was asked by our caucus to

make a special study of this problem, and I have received letters from people all across the dominion. I explained to the minister last session that in taking up this problem I had no desire to discover any scandal; that is the last thing I would wish. The minister was very kind in his attitude. There should, however, be someone in Ottawa in a position to discuss with any hon. member the activities of war-time housing, who could satisfy us that the taxpayers of Canada are receiving good value for the money spent. I felt that the set-up we had for national housing should have been used for the supervising and organizing of the war-time activities.

In 1935 the Dominion Housing Act was passed; since 1938 we have had the National Housing Act, and I am sure hon. members are pleased with the progress made by this fairly new branch of government administration. We have spent a large sum of money in making it possible for quite a large proportion of the Canadian people to have much better housing than they could have without this scheme, and this has been done at a very low monetary outlay. We had men in this administration who were familiar with housing programmes in the United States, in Europe and in all countries where really progressive work has been done in providing housing for the people. But instead of using the government administration we brought in Mr. Pigott, one of the dollar-a-year men. I say nothing against Mr. Pigott; he has to his credit some of Canada's very finest buildings, but being able to place one's services at the disposal of the country for a dollar a year does not necessarily qualify one to do a job such as that of president of War-time Housing Limited. Mr. Goggin, the general manager, must also be a very good man because we are paying him a very good salary, $10,000 a year, enough to secure the services of the best men in the housing field. I feel, however, that we are not using the personnel or the research work which has been available under our national housing administration.

I have not been able to secure the information that I think I am entitled to as a member of parliament. I wrote to War-time Housing Limited early in the summer saying that since I had been assigned to this work I should like to be supplied with as full information as possible regarding the activities of war-time housing all across the country. On August 7 I had a reply from the general manager giving the names of places where war-time housing was active and the number of houses in each place. It did not give any information regarding the type of buildings, terms of contracts, rentals charged, or information from which to judge whether they were really dealing with the problem as it should be dealt with. While I have not had a great many complaints, the information I have is that there is much to be desired in connection with the operation of war-time housing. A letter from St. Catharines makes complaints regarding an unusual clause in the lease. They rent only on a month-to-month basis; a tenant must give one month's notice when leaving, but it is stipulated that a tenant may be asked to leave on only three days' notice. The argument advanced is that war-time housing want to prevent the area becoming run down or houses being used for bootlegging or prostitution. No doubt their objective is worthy, but it seems to me that asking people to vacate on three days' notice is unreasonable. The rents charged are not especially low, $22 to $30, similar to the rents mentioned in Fort William. I believe this parliament is entitled to more information regarding the activities of war-time housing.

If the minister had time at his disposal to supervise work on housing, no doubt it would be very well done, but with $2,600,000,000 being spent by the Department of Munitions and Supply, it is almost impossible for him to be in close touch with all that is going on in the hundred and one different branches under his supervision. I believe there should be in his department in Ottawa some civil servant who is familiar with everything that is being done by war-time housing. I think in the Department of Finance there should be some official with complete information as to the types of construction, the nature of contracts and so on, who would be in a position to assure members of parliament that the people of Canada are getting good value for the money that is being spent.

May I conclude with five or six questions which I should like the minister to answer if he can do so. First, would the minister tell the committee why the staff of the national housing administration could not have been extended and used to carry out whatever war-time housing building programmes were necessary. Second, what check is there by the Department of Finance and/or the Department of Munitions and Supply on the types of construction and materials of war-time housing projects? Third, what has been the cost per unit for the housing units completed in any of the centres where houses have been completed? Fourth, what is the largest number of pre-fabricated houses constructed by any one firm? Fifth, what are the estimated expenditures in connection with the entire building programme as at present contemplated by War-time Housing Limited? Sixth, what policy has been followed in connection

with the purchase of materials in general, and heating units in particular, by War-time Housing Limited for the 4,400 houses which have been built? I am not sure that the minister can answer these questions at the moment, but I would appreciate it if he could.

Mr. HOWE: I think, when my hon. friend has time to investigate more closely, he will find War-time Housing Limited to be a very efficient operation indeed. About a month ago I had the pleasure of going to Hamilton to take part in the opening of a staff house. While there, I investigated a number of housing projects in that neighbourhood. One thing that struck me was the very attractive appearance of these houses. In any block of them, out of five houses not one will be exactly like any other; they are well spaced, and so on. I was particularly interested in the reaction of those who had just moved into the houses. I had a talk with one man and asked him how he liked his house. He spoke in very high praise of it and said, "I will put it this way. A few years ago I built a brick-veneer house that cost me $5,200. If I could swap even for this house I would be delighted to do so." The house to which he was referring was one of the smallest of the war-time housing units, a four-roomed house which cost about $1,800 or, with plumbing, local improvements and so on, perhaps $2,000 or $2,100. Getting that reaction, which I got almost everywhere I went, it struck me that we had built something the public were receiving favourably, and that a good job had been done.

Mr. LOCKHART: Was that a $5,200 house which was used as a comparison?

Mr. HOWE: Yes.

Mr. LOCKHART: Compared with the smallest unit in this housing scheme?

Mr. HOWE: Yes. I am simply repeating what this man told me. I am not suggesting that the trade could have been made, or anything like that, but that was what he told me.

My hon. friend referred to the huge amount my department has spent. Well, we have placed a great many contracts and spent a tremendous amount of money, and the reason why we have had no scandals and no great difficulties is that the department is very highly organized. We have chosen the best men in the industry to carry on this undertaking. We have had a very good treasury staff; and while I read in the papers that we have made mistakes, frankly I do not know what they are. Perhaps some day those who say we have made mistakes will tell us what they have been, but in the meantime it seems to me we have been getting on very well. We organized War-time Housing Limited very carefully. We chose Mr. Pigott to head the company because I think he is at the top of his profession in that particular type of construction. We had associated with him a Canadian architect who all his life has specialized in that type of housing, and on the board of directors we placed men who took a very great interest in that type of work.

The first question my hon. friend asks is why the national housing administration staff was not extended to handle the work. The reason, of course, is that their work is along quite a different line. The national housing staff administers the government's responsibility largely in private construction; in other words, the houses over which the national housing staff have jurisdiction are largely built by private owners, to standards and specifications fixed by the national housing administration, but the main job of the housing administration is to see that the loan guaranteed by the government on those houses is properly secured. War-time housing had a very difficult task. It had to go into heavily congested industrial areas and build houses to take care of a temporary situation. It was concerned with a type of house that need not be a permanent affair, in case there should be another shift of population away from that area.

Mr. NICHOLSON: I notice that in the September 11 issue of *The Lachute Watchman* it is stated that the national housing administration supplied the plans and specifications for the very large project at Sorel, Quebec. It seems to me they have already done a good deal of work in preparing plans and specifications for the very sort of work that War-time Housing Limited has done.

Mr. HOWE: I can explain why that is so. The Sorel gun plant and shipbuilding plant, as my hon. friend knows, were privately owned at the beginning of the war. The government has made some investment in the gun plant, in its programme of expansion, and the houses are more or less a joint operation, partly privately owned and partly financed by the government. The housing project there was undertaken before War-time Housing Limited was organized, and at my suggestion the national housing administration did take charge of that programme for both private and government interests. They designed and supervised the construction of the houses at Sorel, but so far as I know that is the only case where the national housing administration has actually designed and supervised the construction of houses as a complete job.

Mr. NICHOLSON: Why could they not have extended their operations all across Canada?

Mr. HOWE: They could, but we decided to do it in another way, and I think we were wise. We organized a staff which I do not think could have been organized under the national housing plan. In any event, the national housing administration has a very large programme of its own. The houses that are to be built by War-time Housing Limited are very few in number compared with the houses being built under the national housing plan, even at the present time.

Then my hon. friend asks what check there is by the Department of Finance and/or the Department of Munitions and Supply on the types of construction and materials in war-time housing projects. There is the very closest check. Officers of the Department of Finance check every item that goes into any war-time housing project. The treasurer of War-time Housing Limited is an officer of the Department of Finance. The auditor is the auditor general of Canada, and every dollar spent by war-time housing is handled by the Department of Finance. The buying for War-time Housing Limited is supervised by the purchasing branch of the Department of Munitions and Supply, which is aware of the price paid for everything that is bought and which makes sure that every discount to which the government is entitled is secured, and that the lowest price obtainable by the government is obtained by War-time Housing Limited.

Mr. TUSTIN: Are tenders asked for?

Mr. HOWE: Yes, they are always asked for.

Mr. CRUICKSHANK: Are the municipalities protected in so far as taxes for school purposes are concerned?

Mr. HOWE: Yes. I will explain that.

The next question is: What has been the cost per unit for the housing units completed in any of the centres where houses have been completed? From one end of Canada to the other, I would say that the houses themselves, including plumbing and heating, cost between $1,800 and $2,100 per unit.

Mr. GREEN: Without the land?

Mr. HOWE: Yes, and without furniture. That includes only the house itself, which may be built on posts. In many instances we take an undeveloped lot and put in sewage, and all the improvements that go with the land. In some instances that brings up the cost to another thousand dollars. I should be very glad to analyse the various projects, and if my hon. friend would put a question on the order paper I will see that a return is made.

The next question is: What is the largest number of prefabricated houses constructed by any one firm? I believe the largest number is the contract with the Brookfield Construction company at Halifax. That has been a continuing contract, and runs into about two thouand houses.

Mr. HANSON (York-Sunbury): All in Halifax?

Mr. HOWE: I think there are 2,800 houses there altogether.

The next question is: What are the estimated expenditures in connection with the entire building programme as at present contemplated by War-time Housing Limited? The total amount authorized to date is between $15,000,000 and $16,000,000.

Mr. NICHOLSON: I notice there have not been any projects undertaken in any of the prairie provinces. We have an acute shortage in many of our cities, and I wonder whether the plan as at present contemplated does not envisage an extension in many centres where the shortage is acute.

Mr. HOWE: These houses are entirely for the purpose of housing munitions workers.

Mr. NICHOLSON: What about Winnipeg?

Mr. HOWE: Winnipeg was a city where there were many vacant houses. I suppose before the war there was no city which had as large a number of vacant houses as had Winnipeg. I have heard of no shortage there, but if a shortage occurs we will meet it. We have been building only in cities where there is a shortage of houses. I believe I have answered the last question as to the policy followed in purchasing materials in general, and heating units. Those are being purchased under the supervision of the purchasing branch of the Department of Munitions and Supply.

Mr. NICHOLSON: Are prices asked for?

Mr. HOWE: We buy in large units. We buy for the whole project.

Mr. BRUCE: I rise, not to ask a question of the minister, but rather to correct what appears to be a wrong impression in the mind of the hon. member for Mackenzie (Mr. Nicholson), when he referred to the status of Mr. Pigott, president of War-time Housing Limited. I think the hon. member's understanding could arise only from his not knowing Mr. Pigott, or the reputation he has throughout Canada. I can say from personal

knowledge that Mr. Pigott is a man of the highest integrity and ability. He has a reputation of doing his work thoroughly and well, and is to be entirely relied upon in any of his undertakings. He has had a long experience in one of the leading contracting firms in Canada, and I do not think anyone better qualified could have been appointed to the job.

Mr. NICHOLSON: The hon. member is imputing to me motives I had no intention of expressing.

Mr. BRUCE: I am not imputing motives at all.

Mr. NICHOLSON: The hon. member has drawn the inference that I cast some reflection upon Mr. Pigott's integrity. I did nothing of the sort.

Mr. CRUICKSHANK: What about school taxation?

Mr. HOWE: An arrangement has been made between War-time Housing Limited and the municipalities in which it builds. The arrangement has been ratified by all the provinces in which these houses have been erected. The government pays to the municipality a flat rate per house sufficient to cover school taxes and, I believe, a small amount in addition. I am not familiar with the exact details, but I know that each province and each city in which houses have been built have approved the arrangement.

Mr. CRUICKSHANK: I am not interested in what each of the provinces may do, because we have had certain experiences in British Columbia. They will approve anything in connection with school costs.

I must apologize for reverting to the subject of shipping, but I did not have the privilege of being in the house when the minister was speaking in this connection. During the last twenty-four hours I have had to stay near a telephone. A certain convention is being held, and I have been holding myself in readiness to accept any nomination which might come my way.

To return to the subject of shipping, I understood the minister to say there was a shortage of oil, and he gave as a reason a shortage of tankers. In that connection I would quote from possibly the best paper in the Dominion of Canada, namely, the Vancouver *Daily Province* of February 22, 1941. I hope the reporters in the gallery hear what I said about that paper. Speaking in British Columbia, the minister said:

> It has more ship orders than any other province. The yards are filled to capacity until the end of 1942.

[Mr. Bruce.]

Since that time many orders have been given in British Columbia. We have since launched our first steel cargo ship. And yet, according to what the minister is recorded to have said, as reported at page 4192 of *Hansard*, when he was speaking about oil, we still have not enough shipping. He said:

> The refiners have had to contend with a very sharp rise in the price of crude oil, and they have had to contend also with greatly increased transportation costs.

I presume the minister meant that increased transportation costs had been brought about through a shortage of shipping. He has stated before that it is not practicable to build wooden ships, and that because of their longer life steel ships are more practicable. Yet we are short of oil.

I must apologize again for reverting to the subject of oil, but there may be some explanation for the question which is in my mind. I know the people in the constituency of Fraser Valley and in the city of North Vancouver want to have the answer. May I repeat what the minister said:

> The refiners have had to contend with a very sharp rise in the price of crude oil, and they have had to contend also with greatly increased transportation costs.

I do not expect an answer right away, but I should like the minister to state what these increased transportation costs are. So far as I know, there is no increase in transportation costs between California and Vancouver. Much of our oil prior to the war came in, not by tanker but by tank car. I have yet to learn that there is a shortage of tank cars.

Again, as reported at page 4192 of *Hansard*, the minister stated, in his explanation as to the increase in price:

> —that is, two cents based on the small United States gallon, which is somewhat more when translated into cost, in Canadian money, of the Canadian gallon.

All hon. members know the difference in size between United States and Canadian gallons, but we also know that every major oil company operating in Canada is controlled in the United States, and they enjoy a benefit of approximately ten cents on the dollar.

I do not expect an answer right away, but I would ask the minister to state at his convenience what the increase in cost of transportation of gasoline delivered to British Columbia amounts to. I would also ask why these oil companies, with a ten per cent exchange advantage, are entitled to an increase of one cent a gallon. Each and every major oil company operating in Canada is controlled in the United States and, as one hon. member has stated, they are actually selling oil to themselves.

There may be a shortage, but with all due deference, I suggest there is no shortage in British Columbia. If there is a shortage, we are willing to submit to rationing to-morrow or any day. At present, however, I do not think there is a shortage. One oil company in California selling oil to its own subsidiary company in British Columbia receives an increase of one cent a gallon, plus the figure mentioned by the hon. member for New Westminster (Mr. Reid) of a certain amount in lieu of credit cards. Yet they pass none of that on to the little distributor. Nobody can tell me that the big oil companies have not had a wider and more profitable market for their gas since the war. Now, instead of selling to the small distributor, they sell by the hundreds of thousands of gallons to the dominion government and the Department of Munitions and Supply. They are selling more gasoline than they ever sold before in British Columbia, and they get an increase of one cent a gallon, which is not passed on to the little distributor, but is kept by the big oil companies themselves. I do not want to be critical, but that situation does not make sense to me. Nothing has caused more dissatisfaction in British Columbia.

I accepted the explanation of the minister in connection with the Joy Oil company. I did not know there was a Joy Oil company. It certainly has not caused much joy in British Columbia. Rightly or wrongly, we in that province think the oil controller is playing into the hands of the big companies and is operating in their interests. The minister can dispel that idea in so far as my riding is concerned if he can show me that the cost of transportation from California or Texas or Oklahoma to British Columbia has increased, and if he can show me that these companies in California, Texas and Oklahoma are not selling to a subsidiary company in Canada, thereby getting the benefit of the ten per cent, and in addition one cent a gallon increase. I think I am entitled to an explanation. Personally I do not know anything about the oil business, but I do not believe there is a particle of shortage of gasoline in British Columbia, in spite of the figures that have been given by Mr. Cottrelle. With all due deference to Mr. Cottrelle I do not think he realizes the situation in western Canada or in western United States. We see in the papers to-day that the United States has lifted all gasoline restrictions on the eastern coast. Yet in spite of everything the long-suffering poor Standard Oil company has to have one cent a gallon increase, plus all the credit charges, and the only justification given is the vague statement that the increase is due to transportation costs. If the minister can explain the situation satisfactorily to me, I may be able to explain it to my constituents, but he is going to have a hard time explaining to me that the oil companies are suffering as was intimated in that statement. Will the minister give me an explanation?

Mr. HOWE: I cannot at this moment discuss transportation costs on the British Columbia coast, and my hon. friend was fair enough to say that he did not expect me to.

Mr. CRUICKSHANK: But the minister will in the future?

Mr. HOWE: I said it was partly due to the increased cost of crude, which I know to be a fact. I do not know exactly what the increase has been in the Los Angeles area, where British Columbia oil comes from in the main, or how much tankers have gone up. My hon. friend says that in British Columbia they have been accustomed to get their gasoline in tank cars. I venture the statement that not two per cent of the gasoline used in British Columbia has come in there in tank cars in the last ten years. You would have a very sorry situation if you had to depend on any considerable movement of oil in tank cars. If my hon. friend will put a question on the order paper for exactly the information he wants, I will try to get it.

Mr. CRUICKSHANK: Thank you. Shall I get it this session or have to wait until January?

Mr. HOWE: It depends upon how complicated the question is.

Mr. CRUICKSHANK: It is a simple question.

Mr. BLACK (Cumberland): I should like to ask a question with respect to the shipbuilding programme.

The discussion is getting mixed up with housing and oil. I would ask the minister what progress is being made in reconditioning the big steel mill at Sydney, Nova Scotia, to roll plate for shipbuilding. It is felt in our part of Canada that this work is very much behind, in preparing for this very necessary programme of shipbuilding. I should like to know when it is expected that plates will be rolled, also what outlay is being made by the department to enable these plates to be rolled, and what assured use there will be for these plates.

I should also like a statement from the minister as to the steel shipbuilding programme in Nova Scotia. We have been much disappointed that up to the present there has been only what I might call a political promise that shipbuilding will be undertaken at Pictou, Nova Scotia, while on the western coast, in

Montreal, and on the great lakes ships are actually being launched; but in Nova Scotia the steel shipbuilding programme is only being projected, though it is recognized by practically everybody that Nova Scotia should be in the very forefront and be given a preference in a programme of this kind.

I should also like a statement from the minister as to what yards are projected in Nova Scotia to carry on this shipbuilding programme?

Mr. HOWE: My hon. friend speaks of a political promise of shipyards. I may say that my hon. friend himself is the one man who can never forget politics when asking any question.

Mr. BLACK (Cumberland): That statement is not fair. The minister himself is the one minister who made a political promise with respect to war expenditures on aeroplane factories. I think he was the only minister who in a political campaign sent a telegram to be read at a political meeting, stating that if so-and-so were done, an aeroplane factory would be built at Amherst.

Mr. HOWE: And was it?

Mr. BLACK (Cumberland): It was a political promise of public money provided for war purposes by all the people of Canada, and the minister made it a political issue on the platform.

Mr. HOWE: On what platform did I say anything about it?

Mr. BLACK (Cumberland): The minister's telegram was read from the platform in Amherst in the last federal campaign.

Mr. HOWE: I am not responsible for what is read on a political platform. I certainly never mentioned Amherst in any political speech that I made in any part of the country. If my hon. friend will forget politics for a moment and talk about the war, we shall get on faster.

So far as the plate mill in Sydney is concerned, it is being brought into production as rapidly as possible. I understand that the date on which it will be put into operation depends upon the delivery of some heavy motors which are being manufactured at the present time. They are somewhat behind schedule, but I hope the mill will be in operation in February or March of next year, contingent on the delivery of those motors.

We are somewhat short of plate capacity at the present time; not unduly short, because we are rolling every billet we can manufacture. Our billet capacity is increasing, and the plates from Sydney will be needed.

As far as new shipyards are concerned, we have only two new ones in contemplation at the present time, one in Vancouver, which is now laying its first keel, and one at Pictou, which is suitable for the present programme of ships. I do not know what other questions there were.

Mr. BLACK (Cumberland): I asked the minister what commitments have been made and what outlet there will be for the projected production of the rolling mill at Sydney; also, what its expected tonnage output per year will be.

Mr. HOWE: I rather think the capacity of that mill when it is in operation will be about 12,000 tons a month. I judge that from what I know of the capacity of the mill. Getting back to the matter of the distribution of the billets which can be produced at the mill, I may say that every billet is being used now, and if we had the mill in operation now it would be used pretty well to capacity. I daresay that condition will continue.

Mr. BLACK (Cumberland): There is additional blast furnace capacity, is there not?

Mr. HOWE: Additional blast furnace capacity is being brought in, and there is a plant under way at the present time to increase the production of pig.

Mr. BLACK (Cumberland): Is that being financed by the minister's department or by the government? I refer to these additions and new facilities.

Mr. HOWE: Partly by the company itself and partly by the government. I believe the total expenditure under way runs to about five and a half million dollars, of which four million dollars is represented by a loan from the government.

Mr. BLACK (Cumberland): I did not like the retort of the minister, in his political reference to myself.

Mr. HOWE: Just why did the hon. member need to mention "political promises"?

Mr. BLACK (Cumberland): My basis for that is that, while ships are being launched in other parts of Canada, it was during the political campaign in Nova Scotia during the past few weeks that the announcement was made by the minister of industry and publicity and the premier of Nova Scotia that a shipyard was to be started in Pictou. That was the first public notification we had that such a programme was to be carried out. I think it is unfortunate that it should have been announced in that way. I ask the minister to advise me or advise the committee why the announce-

ment with respect to the programme in Nova Scotia has been delayed, while ships of a similar nature are being actually launched in other parts of Canada. It is a matter of discrimination, or was so interpreted in Nova Scotia. I think it is reasonable on my part to ask the minister why the programme in Nova Scotia has been delayed. I think we should have this information.

The programme of shipbuilding was discussed in this chamber in previous sessions by hon. members from the maritimes. The contention was made, and was supported by hon. members from Toronto and other parts of Canada, that Nova Scotia and the maritime provinces have not had a fair share of the distribution of moneys for government works having to do with the war. In shipbuilding, for which above everything else they should have had the preference, they are the last place in Canada to receive recognition. Nova Scotia is the last place where a programme for building steel merchant ships has been announced. It was announced for political advantage during an election. It does not seem to me that sort of thing creates a good atmosphere wherein to carry on the war. There should be no political pressure or political advantage in order to carry out programmes of this kind. As I have said, it is not my intention to be critical of the minister, but I believe we are entitled to some explanation with respect to the shipbuilding programme in eastern Canada.

Mr. HOWE: The remarks of my hon. friend illustrate exactly the point I made a few minutes ago. What he takes exception to indicates the fundamental difference between my viewpoint and his. My viewpoint about ships is that I want to get the maximum number for use during the war period. My purpose in building ships is not to enrich any one section of this country or to glorify any particular town, or city, or province. My object is to get ships where I can get them most quickly and cheaply. The reason why we built ships where we have built them is that there were organizations there which understood how to build ships, and slipways which would take ships. We filled those first. Then we looked round to see where we could increase shipbuilding capacity, and we found that the places where we could increase it reasonably were very few; in fact, there were only two. We found in Vancouver two steel companies which were in a position to combine and build slipways and launch ships, without the necessity of robbing existing shipyards of their skilled personnel.

Mr. GREEN: Will the minister say which firm that is?

Mr. HOWE: That is a combination of, I think it is, Vancouver Engineering works and one or two steel companies there.

Mr. CRUICKSHANK: It is quite a good riding, anyway.

Mr. HOWE: I do not even remember the name. The other place we found was at Pictou. What we found at Pictou was not, by any means, a readymade shipyard, but a certain amount of skilled personnel was available there. I may say that we searched Nova Scotia and New Brunswick from one end to the other to try to find the nucleus of an organization which could handle a steel shipbuilding project of this magnitude. We found it at Pictou. After a good deal of discussion and negotiation, including considerations of capital assistance and additional skilled personnel which had to be furnished, the project reached the point where an announcement could be made. Now my hon. friend says it was announced during an election. I do not think he could expect us to stop the war for three or four weeks so as to get that election over.

Mr. BLACK (Cumberland): My complaint is that the announcement was not made by the minister or by the federal government; it was made by a provincial minister while running an election in that province, and on behalf of the premier of Nova Scotia.

Mr. HOWE: I do not suppose that one could keep it very much of a secret. Negotiations were going on between this group at Pictou and war-time merchant shipping, and I assume that the premier had ways of finding it out in the natural course of events. I daresay he knew when the deal was closed, and announced it accordingly.

Mr. HANSON (York-Sunbury): That is an awfully innocent statement. Does the minister not know that the whole thing was done to have the effect that the provincial government of Nova Scotia had paved the way for this new industry?

Mr. HOWE: The hon. gentleman says so, but certainly I do not know anything of the kind.

Mr. HANSON (York-Sunbury): Why was it announced in that way?

Mr. HOWE: Why was it announced in that way? I do not know.

Mr. HANSON (York-Sunbury): Why was it not announced by the minister of munitions?

Mr. HOWE: Our announcements come through the publicity branch whenever we sign a contract, and I suppose this one went through in the usual way. I like to be accused of playing politics by hon. members who seem to think of nothing else; all I have heard from this section is, "Why don't you put something in the maritimes?" I have said repeatedly that I do not care where I put these things so long as I get the materials of war.

Mr. HANSELL: After discussing steel and ships and housing, I wonder whether we can come back to the matter of steel. I am not certain that I understood correctly the minister's statement with regard to whether or not there is a serious shortage of steel in Canada. I wish he would make himself a little clearer on that point. We do know that we have a steel priority in this country, and I assume that it is necessitated by shortage of steel. In that connection might I suggest something which will be of some little benefit to the western farmer. The suggestion comes to me that, on account of the present priority method of distributing steel, the men who run the small engineering shops experience tremendous difficulty in getting any. That has caused a serious situation for the farmers of western Canada during the time of harvest when they need repairs. I know for a fact that many have been held up in their operations because the local machine shop would not take care of their repairs, being unable to get a reasonable amount of steel, even though only a small bit was required, the shop being a small one. Of course, we in this corner realize that the farmer has been handicapped time and again, and it is another reason for dissatisfaction when he discovers that he cannot get repairs for machinery. It is a little late now to talk of that in connection with farming operations; nevertheless it seems to be true that the small shop is unable to get a reasonable amount of steel. Would the minister throw some further light on the priority arrangement in Canada with regard to steel?

Mr. HOWE: This continent as well as every country at war is short of steel; in other words, we could use a good deal more than we can make. I believe we are getting along fairly well with our war programme notwithstanding that we are short on steel. If we had more forgings at the present time we would be making more guns, and if we had more plate we would get on faster with our shipbuilding programme. We are, however, bringing new capacity into production each month, which will tend to ease that situation, and as far as the war is concerned we have a reasonably balanced programme as between steel production and such imports of the finished product as we can count on from the United States. As far as non-war use is concerned, at present no steel is being allocated for such purposes. We have shut off a great number of types of manufacturing that depend upon steel, not because we wish to do so but because we cannot afford the steel. I daresay the farmer has been considerably inconvenienced on that account. We hope to be able by the spring to relieve the shortage in machine shops doing non-war work. At present we cannot do so because we are trying to allocate steel as carefully as we can in order to make it go as far as possible for essential war purposes in Canada.

Mr. POTTIER: I should hate to have the words of the hon. member for Cumberland (Mr. Black) go unnoticed, and I wish particularly to meet two impressions which he left. The first is that we have no shipbuilding in Nova Scotia, that all that we have is a projected shipbuilding programme at Pictou. There is shipbuilding in Nova Scotia in mine sweepers, Fairmile vessels, scows, and the like, and they are building slips in different places on the shore for ship repairing. Repairs are going on in Halifax as well, and their yards are working to capacity. It is not fair for anyone to rise in his place in the house and leave the impression that Nova Scotia is forgotten altogether. I cannot let it go at that; I cannot allow the impression to remain that there is merely a projected programme at Pictou. There is considerable shipbuilding going on in my constituency, and at Weymouth, on the border of my constituency, we have one of the best Fairmile ship yards in Canada. At another place we have a number of mine sweepers and the like. Moreover, the hon. member made reference to political reactions that might arise and that were hoped for by the announcement of the projected plan of shipbuilding at Pictou. The only constituency in Nova Scotia that lost a Liberal to a Conservative was Pictou, so that it is plain to be seen, if one follows that suggestion to its logical conclusion, that any announcement that was made did not have the effect suggested. If anything, it worked the other way. The hon. member should be the last one to give the impression to the committee that in a particular declaration benefit was sought. As a matter of fact, the results went the other way.

Mr. BLACK (Cumberland): I was referring to a principle in the announcement. I was referring to merchant steel shipbuilding.

Mr. HAZEN: The minister in his report last Tuesday said, as reported at page 4082 of *Hansard*:

> Capital assistance to industry for the extension of existing plants and for the construction of new plants, instalment of equipment, et cetera, aggregated a total of $550,000,000, partly for Canada, partly for the United Kingdom and partly for joint account.

Will the minister break down these figures and tell us when he can how much of that amount was for Canadian account, how much for United Kingdom account and how much for joint account? Will he also break down the figures so as to show how much was allotted to each province in Canada?

Mr. HOWE: Just before the last adjournment of parliament I gave a break-down with regard to Canadian, British and joint account. It runs pretty well in the same proportion. I will bring that up to date later on; I have not the figures before me. As regards a break-down by provinces, that is a purely political question which we have refrained from answering, and I do not think I should care to compare expenditures province by province.

Mr. GREEN: I understood the minister to say that the government was financing some of these shipyards. Earlier in the year the policy announced by the minister was that all that financing was being left to private industry. Has the policy been changed? If so, about when was it changed, and how many shipyards are now being financed by the government?

Mr. HOWE: There is no shipyard that is really being financed by the government. That is rather a misstatement. In connection with the merchant shipbuilding programme, it was necessary to build a number of new berths. The general policy was to include the capital expenditure in the contract and to allow that to be written off for the first five boats with the understanding that when they were built the cost would be dropped accordingly. I think in one or two instances the capital sum was advanced to cover the improvement. In any event it was allowed to be written off over a certain amount of work, or advanced direct. I think that was done for practically every shop where an expansion of programme was involved.

Mr. GREEN: The same question comes up in connection with power. The minister, speaking to the Canadian Manufacturers' association on June 10 of this year, said:

> We are accustomed to think of Canada as a country of large reserves of electric power. To-day every kilowatt that can be generated is being used.

He went on to explain the attempts being made to overcome the shortage. Is that still the position? Are we short of power right across Canada? If so, has consideration been given to the government financing the development of further power? Is that a government policy?

Mr. HOWE: We have not financed any power development in Canada since the beginning of the war.

Mr. GREEN: Is the position that we have now reached the limit of our available power in Canada, that all power that has been developed is in use? If so, it would seem that some step should be taken to develop further power either by private industry or by the government, because the water and the power sites are there; it is simply a matter of harnessing the water.

Mr. HOWE: Power is being developed privately, and while every kilowatt available is being used, we are not exactly at the end of our resources, because we can cut off peace-time use to some extent and convert it to war-time use. We are about on the borderline now. Of course this is the time of year when the domestic load is the heaviest. I think there will not need to be much diversion; there have been some instances in Ontario where peace-time loads have been cut off for certain parts of the day, but I do not think it will be serious this winter. A year from now it may be more serious. On the other hand, nearly a million horse power will come in between now and perhaps a year from now, which will relieve the situation.

Mr. GREEN: For example, at the Bridge river site in British Columbia there is a partial development, but I think there is a potential of several hundred thousand horse power. Is there not some way by which the government could have that developed? Surely the power controller, or some department of government could have that done, or are we just to be bogged down waiting for private industry to move?

Mr. HOWE: The government decided early not to develop power. We had to decide what we would do and what we would not do. We decided we would not develop power, drill oil-wells—

Mr. GREEN: Oil-wells are different; that is speculative; but the power site is there, it is only a matter of putting in the plant.

Mr. HOWE: The owners of that site are well able to develop it if they can sell the power.

Mr. GILLIS: I was pleased to hear that there was so much shipbuilding going on in Nova Scotia. As I remember the last discussion, there was an appropriation of $50,000,000 for shipbuilding, and one per cent of that went to Nova Scotia. At that time we discussed the possibility of utilizing, I think, some twenty-five shipyards in Nova Scotia that were too small to handle the type of ships required. The minister stated that there was considerable activity in the building of lifeboats and small craft of that kind. To what extent are the shipyards in Nova Scotia being used for that purpose? As I go through the province I see very little shipbuilding activity.

Mr. HOWE: I know that a large number of the ships are being built there; I would think every shipyard that wants a government contract and is able to do the work efficiently has all the work it can do. Of course there are yards that prefer to keep to the ordinary peace-time work rather than take war work. I cannot give the number of boats being built in Nova Scotia under the small-boat programme, but it is a large number; we have let contracts for some seven or eight hundred boats of that type to date.

Mr. FRASER (Peterborough West): Has consideration been given to taking the boats from Churchill? There are four that have been laid up there for the last three years, steel hull boats in good condition. Two of them at least could be used.

Mr. HOWE: Consideration has been given to that. I know those boats very well. The tug at Churchill is of a type of which there is no particular shortage; it is not an ocean-going tug. As to the other equipment there, we have not been able to see value for taking it out of Churchill and having to take it back later when it will be required.

Mr. FRASER (Peterborough West): When will it be required there?

Mr. HOWE: Dredging has to be done there from time to time, and we cannot operate a dipper dredge without a tug and three or four scows.

Mr. McNIVEN: What progress has been made with regard to the "bits and pieces" programme? In western Canada, and particularly in Saskatchewan, there are many machine shops tolerably well equipped, many of them with machine tools and having a nucleus of anywhere from four to ten skilled employees, and particularly at this season of the year there is a dearth of employment for shops of that kind. These shops are anxious to render service at this time. It is true they have been inspected from time to time, their tools listed, their equipment checked over, and their personnel passed upon. We who live in the west have regretfully come to the conclusion that the eastern industrialist who has a war order practises the British maxim, "What we have we hold," and is unwilling to pass out to other shops the right to manufacture component parts of the completed product. Could the minister indicate to the committee what organization has been set up for the "bits and pieces" programme and what hope our shops in western Canada may have of participating in the war programme in the months to come?

Mr. HOWE: Our "bits and pieces" programme is well organized and is, I think, meeting the needs of industries of the kind to which my hon. friend refers. We have a district office in Winnipeg, and I think in Calgary, as well as in the eastern centres. Of course there are two sides to this question. I know the aeroplane plant at Fort William was carrying its "bits and pieces" as far west as Calgary in an endeavour to place contracts. My experience leads me to believe that the difficulty is more concerned with the little shop looking for work than with the larger plants trying to place work. One can hardly expect a large plant to distribute its work to every machine shop in the province; one might more reasonably expect the owner of the small machine shop to come to Winnipeg, discuss the matter and see what work is available. The "bits and pieces" programme is, however, succeeding as the small manufacturer becomes sufficiently interested to do what the large manufacturer has to do in obtaining an order, namely, come where the order is being placed and "sell" his capacity. I think we are educating the large manufacturer to break down his orders. There is a large contract just getting under way in Regina which I think can be very easily broken down into "bits and pieces"; but there again it will be necessary for the operator of the small machine shop to go to Regina and show what he can do, in order to obtain the work. I do not think anyone can sit back and expect the "bits and pieces" programme to bring him work.

Mr. McNIVEN: Just what function is the office in Winnipeg supposed to perform? Does the contract holder or the manufacturer list with the Winnipeg office those component parts which he desires manufactured outside the plant? It is exceedingly difficult for the operator of a small machine plant, say at Wynyard, Saskatchewan, to know what component parts are required in connection with the production of an aeroplane, let us say.

What he desires is some central place where he can obtain that information and where the size of his shop, his equipment and his personnel can be listed.

Mr. HOWE: That is exactly the purpose of the Winnipeg office, to obtain from the manufacturers the components they would like to place, and to obtain from the small machine shop the type of work it is capable of doing. I think that programme has been carried farther in Quebec than in any other province, because there seem to be more small machine shops in Quebec than in the other provinces; and through the "bits and pieces" programme I think we have pretty well filled the entire field there. A programme of education is being carried out on both sides, with the large manufacturer being educated to break down his production and sublet, while on the other hand the operator of the small machine shop is being educated to sort out what he is capable of doing and what he cannot handle.

Mr. FRASER (Peterborough West): What protection have the subcontractors with regard to receiving payment? I ask this question because a contract was let down on the lake shore in 1940; lumber contractors sold lumber to the man who had the contract, and they have not been paid as yet. What chance has a subcontractor of being paid? Does the government check on that?

Mr. HOWE: As one who has had to do with government contracts over a great many years, I can say from experience that the government never pays a contractor in full as long as there is any claim or lien outstanding. If the suppliers of that contractor failed to notify the government that they had claims, I am afraid their recourse against the government is gone.

Mr. FRASER (Peterborough West): The government did hold back $7,000 on this contract, but I believe the contractor was paid $70,000 and he owed his subcontractors over $20,000. I believe one of those subcontractors has received about $1,200. Another lumber man is minus twelve or fifteen hundred dollars, and as far as I can see there is no chance of these men getting paid, because the contractor would be better off not to try to collect the $7,000 from the government.

Mr. HOWE: How about the contractor who got the contract; is he bankrupt?

Mr. FRASER (Peterborough West): I believe he is pretty close to it.

Mr. HOWE: Unless a man protects his position on a government contract, I do not think he can be any better off in selling to a contractor who has a government contract than in selling to anyone else. The nature of contracting has not changed over the years, and ordinarily a person supplying a contractor must protect his position or he has no position.

Mr. FRASER (Peterborough West): My question has not yet been answered. I think the government should look after the subcontractors.

Mr. HOWE: What relation is there between the government and a subcontractor?

Mr. FRASER (Peterborough West): The subcontractors believed this man, having a government contract, would pay them; they thought he was honest and that the government would see that they got paid. In this instance they are holding the bag, while these other fellows are profiting by it.

Mr. HOWE: Perhaps they had better see their lawyers, but certainly I can say that if the government is notified of a claim, sufficient money is always held back before final settlement, provided the claim can be shown to be proper.

Mr. FRASER (Peterborough West): The government has been notified about this.

Mr. MACKENZIE (Vancouver Centre): I think we have had a very exhaustive discussion concerning the Department of Munitions and Supply, and I wonder whether we could not proceed to the next department.

Mr. BLACK (Cumberland): Before we do that, I should like some further assurance from the minister with respect to the breakdown of that expenditure of $550,000,000 to build plants, partly for Canadian and partly for United Kingdom account, requested by the hon. member for St. John-Albert. The information was promised by the minister, and I should like to know if we might have it before this part of the session ends. On February 25 the minister submitted an appendix to *Hansard* showing a total expenditure of $268,499,894. The expenditure under this heading has reached $550,000,000, and the information concerning it is of the greatest importance. I would support what was said by the hon. member for St. John-Albert in requesting that this information be placed on *Hansard* in the same form that was followed last February.

Mr. HOWE: I will have that information prepared just as quickly as possible, and will try to get it on *Hansard* this session.

Mr. GILLIS: The minister will remember that last session we discussed the possibility of extending the air lines, both passenger and mail, to the city of Sydney, Nova Scotia. At that time the minister said there was a possibility that this service would be so extended by August of this year. Has any progress been made in that direction, or has the matter been forgotten?

Mr. HOWE: No, it has not been forgotten; as a matter of fact, it is very close to coming into being. I think the difficulty was that we had so many urgent demands for the beam equipment that we intended to use there. We had to obtain emergency beam equipment in connection with the Newfoundland airports, and we are a little behind in that programme. I hope that by the new year we shall be flying planes to Sydney, but again that is subject to new calls for equipment. We are, however, doing our best.

Mr. GILLIS: Thank you. We are beginning to get linked up with Canada at last.

Mr. HARRIS (Danforth): On November 4 the minister was discussing what he called the "bits and pieces" programme. He will recall that I asked a specific question, and I hope in the intervening six days he has had an opportunity to prepare a specific answer, or in any event to give the country a general statement as to the policy which his department intends to pursue in that regard. Only to-day an example of what I had in mind at that time came to my attention; I will recite the instance in order that the minister may give us any policy he may have with regard to the question I asked.

The question I asked on November 4, was: In respect of capital assistance is it the policy of the Department of Munitions and Supply to extend liquid capital or working capital to those industries which find themselves with a backlog of orders for ordinary business? If I may amplify my question, I would say that manufacturing institutions find very large priority orders coming in for munition manufacture, business which has to do with the Department of Munitions and Supply. Of course they must give first attention to those priorities, with the result that the normal shipments of commodities have to stand back until the priorities are filled. What is the position with regard to these small concerns about which the minister spoke on November 4, and concerning which I asked that simple and easily answered question?

They find, in connection with their capital structure that it is taking more money even in their normal business procedure to carry their accounts receivable, to carry their inventory, to carry their raw materials, and to carry any stock they have ready for sale in the ordinary routine of business. The net result is that they are short of working capital. While they are in that position, a demand is being made on them to extend their plants, and they are anxious to answer those demands. Arrangements are made at present within the Department of Munitions and Supply to take care of that fixed assets cost, or capital assistance. But the policy as to what might be done with regard to working capital ought to be brought up to date by the minister, so that they would know what they are to do.

Many of these small industries have been established for two or three decades, and in taking on this war business, business which may be here to-day and gone to-morrow, they do not want to lose their old established lines. I have in mind an instance in Toronto which has to do with sandpaper. Sandpaper and buffing wheels are required for the polishing of rifle butts, et cetera. In this particular instance all other orders had to wait until that priority war order was turned out. In the meantime, furniture factories, and other plants throughout Canada which required sandpaper, could not be supplied. Some of the sandpaper may have been supplied for what might be described as semi-war work, but a good deal of it was for ordinary routine business. I use sandpaper only as an example. The people in question find themselves without the supply they require. Those who are charged with the responsibility of seeing to it that Canada has a sufficient supply of their commodity would be quite anxious to help out by building a temporary plant to take care of the condition which has developed.

I would ask the government to recite its general policy with regard to a problem of that kind, in respect of the capital structure of the extension which would have to be built. I would ask that in answering that question, particular attention be given to the write-off. In other words, if a building were of temporary construction to last for five years, would there be an increase in depreciation write-off on such building? I would not suggest that it need necessarily be 20 per cent, because there would, no doubt, be some reclamation. If an answer could be given, people who are having difficulties in that connection would have some peace of mind with regard to actual capital expenditure.

We may have to go a good deal further in extending working capital to take care of the three items I had in mind. My purpose in rising at this time is to ask the minister if he will answer the question I asked him in

good faith on November 4. I ask him to recite the policy so that those who are trying to do a job on behalf of Canada in respect of our war effort will have some confidence that they may receive reasonable assistance from the government with regard to the war section of their business, and so that they may see to it that priorities are not dodged, and are given the right of way during the war.

Mr. HOWE: The policy of the government in relation to capital assistance is that it extends capital assistance to its own contractors. That is, if a firm takes a large contract from the government, and requires building accommodation and/or machinery which it has not at present installed, under certain circumstances the government will provide the building and install the machinery, provided that the company will transfer the property on which the building stands, and the title of ownership, and the government will retain ownership of the building and the machinery. This type of assistance is extended only to prime contractors. I believe my hon. friend is referring to subcontractors, and to a case where a subcontractor is responsible to a main contractor.

Mr. HARRIS (Danforth): I am referring more particularly to "bits and pieces."

Mr. HOWE: "Bits and pieces" usually involve the breaking down of a main contract into subcontracts, which represent the "bits and pieces." Therefore there is no advance directly from the government to the "bits and pieces" man. We never advance money to a subcontractor, although sometimes we do advance money to a main contractor which will be spent with a subcontractor. That is an advance to the main contractor, because it must be his responsibility, which he passes on to the subcontractor. That is the policy with regard to capital expenditure.

In respect of our general policy, each case is examined to see whether an advance is justified, or whether it is a situation which a contractor should take care of by himself. Of course, if the contractor spends his own money, he has the privilege of appearing before the war contracts depreciation board, upon which occasion Mr. Justice McTague and his colleagues decide the post-war value of the improvements to be built. They determine the amount of the write-off and the period over which the write-off can be made.

In the matter of capital advances, it is against the policy of the department to make advances for working capital. Sometimes it has to be done. We may find that a firm taking a contract does not appear to have adequate working capital, or for one reason or another may find itself short of working capital. In that event it is always our practice to put a controller into the company to watch income and expenditures. Under such circumstances we do advance money. We have controllers in twelve or fifteen businesses in Canada to-day to watch working capital. But it is a difficult business to follow, and we avoid it as much as possible.

Mr. HARRIS (Danforth): Will the minister bring up to date the statement given by his deputy before one of the committees which sat four or five months ago with respect to the amount of working capital advanced by his department?

Mr. HOWE: I shall place that figure before the committee.

Mr. HARRIS (Danforth): I have one further question, which is not entirely confined to the Department of Munitions and Supply. Due to the placing of ceiling prices on large numbers of commodities, a condition has arisen whereby raw materials for such commodities still being exported to the United States are finding a market in the United States ranging anywhere from 10 to 50 per cent higher than the market which prevails at the ceiling rate in Canada. For example, manufacturers for years have tried to make their contracts for one year, but latterly it has been for six or three months. The raw material for the commodity they manufacture is under contract to December 31, 1941; the producer of the primary product now finds himself under the September 15 ceiling, and the man who buys from him is unable to increase his price to meet the competition which comes from the United States. The goods are exportable to the United States. The net result of it all is that before 1942 is over, there is going to be a large shortage of raw material. Certainly it is going to be very difficult to contract for raw material for the year 1942. Those supplying raw material who have in days gone by intermittently exported their commodity to the United States have latterly, due to business being considerably improved in the last year, found their market in Canada during the year 1941. Naturally they will want to revert to the high United States market again. General market conditions in the United States, as the minister well knows, are anywhere from 10 to 50 per cent higher than in Canada, and in the instance I mentioned, the market is from 90 to 100 per cent higher. The quantities I am thinking of run into millions of pounds.

Contract time is fast approaching, December being the month when contracts for the year 1942 are made. There has been no announcement of policy as to how the government proposes to hold and maintain this ceiling. Priorities on supplies for war contracts must be taken care of. Certain industries will find themselves denuded of their supplies of raw material. The problem is approaching dimensions which may give our government some concern.

One way out, of course, would be to lift the ceiling on the finished product. But we do not want to do that. There will probably be no ceiling for that portion of material which goes into war products, but one cannot reasonably sell a product at one price to a customer who has been on your books for twenty or thirty years and is operating a necessary industry, and sell the same product to some other industry which is engaged on "bits and pieces" or any sort of munitions work and expect that one will have anything but chaos in that particular industry. I admit that the problem is a difficult one, but I think the Department of Munitions and Supply should be apprised of what they are going to be faced with during the year 1942, and I would appreciate it if the Minister of Munitions and Supply or some other minister would make a statement on the matter before the house adjourns until January, so that the year 1942 will not find the entire situation upset.

To follow it along a little further, what actually happens to-day is this. Many large United States industries have branch plants in Canada, and these branch plants interchange raw material between the branch plants and the main plant in the United States. The branch plants try to concentrate on one line of manufacture, and they may gather up in Canada the raw material for half a dozen lines of manufacture of similar commodities. There may be as many as twenty factories between Canada and the United States using probably twenty different kinds of raw material. In one city they would concentrate on the manufacture of one grade of raw material, another in Buffalo, another in Chicago, and so forth, and concentrate on another manufacture in Montreal, another in Brantford, and another in Toronto. Thus the raw material is flowing back and forth all the time. My question is, where is it going to flow to? If the prevailing market in the United States has no ceiling on it, which is the condition that obtains to-day, it offers a much better market, and are we going to be handicapped and embarrassed to a degree by the manufacture of munitions and the hundreds and thousands of supplies of all sorts which come under the purview of the minister?

Mr. HOWE: The problem put forward by my hon. friend the member for Danforth (Mr. Harris) is not a new one. Exports are controlled by export licences in lines where there is a threatened shortage for Canadian purposes. At the present time licences are required for the export of any steel product, and licences have been required for a good while for the export of certain chemicals. It is the practice of our department, whenever a material gets in short supply, to place that material under the necessity of export licence.

In the matter of lumber we have a situation where we have no export licences because it has not been thought necessary. About fifty per cent of our lumber is consumed in Canada, I suppose, and about fifty per cent is exported. What is exported brings prices anywhere from twenty to forty per cent higher than can be obtained by sale in Canada. One might say that that is a case where we must exercise export control, but as a matter of fact the industry is regulated by a controller, and the controller, by agreement with the industry, has provided that as long as the industry will supply to Canada at pegged prices the lumber required in Canada, it is quite welcome to export the remainder. The trade have played the game; there has been no shortage of timber in Canada, and the industry has been able to market about fifty per cent of its product in the United States.

The steel situation requires control. If a dealer in Canada could buy a keg of nails and get an export permit,. he could sell it to any south American country for twice what he paid for it and never see the keg of nails. There, of course, is a situation which requires control, and we have control of the steel industry. Unless it can be shown that a manufacturer of steel products is supplying an old customer in a market that has always been his, he is not likely to get a permit for the export of steel from Canada to-day. That will be extended perhaps to all products in Canada as the pegged price in Canada tends to spread from the prices abroad.

Mr. HARRIS (Danforth): Perhaps I should take the time of the committee to put on the record this letter which came to my attention only this morning. I have not been given permission to use the name of the writer, and therefore I shall omit that. The letter

is dated November 5, 1941. I asked my question on November 4, the day preceding. The letter reads as follows:

We have been offered extremely good prices for shipment of . . . to the United States.

We realize and appreciate the fact that we have been shipping to you for some time at prices that were established in January, 1941, but in view of the present price ceiling we are unable to ask you to quote prices that would compete with our American buyer.

We would ask you, however, if you are willing to allow us to ship certain quantities of this raw material to the above-mentioned buyer in the United States. . . .

I am not going to mention the name.

. . . and if you would consider this would you kindly advise what proportion you would consider releasing for the American market?

Unfortunately we did not review our prices earlier and hence we are saddled with fixed prices which we do not believe are in line with what was readily obtainable in the basic period, September 15 to October 11.

We know that a number of people are in the same boat and of course it will take some time before adjustments are made to take care of this ceiling price.

We hope you will consider what we have requested and trust that you can give us an early reply.

That particular contract represents fifty-two carloads of material, and that is only a portion of a total of 19,000 tons. This firm which is in the same boat happens to be connected directly with the sandpaper industry. All I ask is that some recital of policy be given, so that the relationships between contractors, manufacturers and their sources of supply will not be disrupted too much.

Mr. HOWE: I think I can say with confidence that if my hon. friend will notify the proper controller, either in the Department of Munitions and Supply or in the war-time prices and trade board, of his request, an export licence will be required for that material. The government will require to be convinced that there is sufficient for Canadian needs at the pegged price before any export whatever is permitted.

Mr. FAIR: If I may return to the question of gas, which seems an appropriate subject here, I wonder whether the minister could tell us what has become of the Pogue carburettor—whether it is in the process of being put on the market?

Mr. HOWE: I shared my hon. friend's interest in the Pogue carburettor at the time it was a subject of interest, and I know of the so-called experiments carried out with it in the west. The inventor of the carburettor finally found a wealthy sponsor in the person of Mr. J. E. Hammell, one of Canada's great mining men. Mr. Hammell moved Mr. Pogue and the carburettor into his own estate near Toronto, fitted up a workshop for him, and took pains to see that the development was carried out by proper experts. Mr. Hammell has never been willing to quite say what happened to the Pogue carburettor, but he did say that he spent about $40,000 or $50,000 and decided that it could not be made a financial success. I can assure hon. members that there was no sinister influence from either the big oil companies or the automobile companies; they had nothing to do with it. Mr. Hammell took the thing in charge because those accusations were made and he wanted to have an independent inquiry and see what could be developed from it.

Mr. POULIOT: I rise at this hour of the evening, a quarter past ten, because at the present time there is a black-out in several cities of the province of Quebec, which are protected by adding darkness to darkness, by making the night blacker. The modern Joshuas do not stop the sun, as happened in the olden time, but they prevent the moon from shining—and it means that this country is well-protected!

What is the purpose of this black-out? It is to prevent the enemy from seeing military secrets which do not exist. If you remember, Mr. Chairman, last year, when I asked what kind of protection was accorded to the county of Témiscouata against any attack by land or sea or air, I had from the Minister of National Defence this insolent reply, "It is a military secret"—when there was no defence at all.

I find that this black-out business is a sinister joke on the Canadian people. What, sir, a black-out! And all that light shining on the St. Lawrence river? A black-out from here, a black-out from there, a little space of darkness on the lights of my province or on the lights of any province in Canada!

The Minister of Munitions and Supply gave us figures about the production of armaments in this country. I do not believe what he says; I believe what I see, and I see nothing. Let us go up the tower of this building and look round the roof of this building, or the roof of the east block, the west block, the confederation building, the justice building, or any other of hundreds of buildings round here; how many anti-aircraft guns are there? None. They are well hidden; it is a military secret; there are none. Where is the member of parliament who has seen one anti-aircraft gun in Ottawa or in any other city of this dominion? There are none. Yet we hear of millions, hundreds of millions of dollars being spent for munitions and supplies; we hear of

this from the mouth of the minister, and on paper, and in the stupid propaganda of the bureau of information. As a Canadian I am fed-up with that. "Black-out" means protection against the enemy who is coming to invade this country, and what protection have we in Canada? None. All our munitions are going abroad—meaning that Canada does not need to be defended, that eastern Canada where I live and where many people live, does not need to be protected. I submit it is an absurdity.

What about these *corporations à l'italienne* and these *commissars à la russe* that infest the Departments of Munitions and Supply? During the last war, when Sir Robert Borden was in power, at the time of the union government, there was only one man handling all the business in which there is now such a mix-up. That man has been honoured by the king; he is a former colleague and a very dear friend of mine; he is the lieutenant-governor of the province of Quebec, Major-General Sir Eugene Fiset, formerly deputy minister of national defence, at a time when there was no such mess as the Department of Munitions and Supply, against which I protested at the start. He alone handled all the business. How is it that at that time one man from Quebec, Major-General Sir Eugene Fiset, whom we all respect, could do the work of all those nonentities who are now in the Department of Munitions and Supply, and who never cease to pass regulations which swear at each other all the time? The minister cannot say anything against General Fiset because he saved his skin in the committee of railways, canals and telegraph lines when he replaced the deputy speaker, the chairman of the committee of the whole. Sir Eugene Fiset was a good man; he is still a good man; he is lieutenant-governor of Quebec. It took hundreds or thousands of people to replace that man. During the time of the Borden government and the union government, Sir Robert Borden was strong enough to put Sam Hughes out and to replace him with General Mewburn, which showed his strength, his determination and his firm will to have an able man at the head of the department.

I am a Liberal; I have never been a Tory and I never will be, although I have many friends on the Conservative side. But in time of war there should be freedom of speech and one should never be afraid to tell the truth. As a Canadian, I should be ashamed of myself if I took for granted all that is said by the minister. My eyes cannot deceive me. Where is the member of parliament who has seen aircraft here in action over parliament hill? There was a display of floodlights some time ago, but none of those who were operating those lights could find the aeroplanes that were in the sky, and an aeroplane had to come into the middle of the beam of light, it had to expose itself, in order to be seen.

The law of the land is the mobilization act, which provides for the defence of Canada. We should be defended, but we are not now. All sentimentality should cease. I have had enough of bed-time stories. I want to see some of these guns, some of that ammunition that we hear so much about and never see. I want to see every part of the country well defended; I want to see the Department of Munitions and Supply serving some purpose. I do not want it only to give an opportunity to some capitalists to receive subsidies that are so high, higher even than the amount issued to the public for the building of a dry dock or anything of that sort.

I will not "dot the i's" to-night. It will be enough to mention some schemes floated along at the expense of the public for the building of a dry dock, a ship, or plants adjacent thereto. The issue was so much and they received from the Department of Munitions and Supply a subsidy so high that not only did it cover the issue but there was a surplus; and those who received such subsidies were embarrassed. They did not know whether they were to distribute the surplus as dividends to shareholders of the company, or remit it to the public treasury. Moreover, there was a depreciation of fifty per cent per annum which was supplied to that company. It is not surprising that we have a lot of expenditures now. What amount is spent for England; what amount is spent for Canada; what is protected by the black-out? We have a right to know, and if the minister cannot answer in public but repeats again the eternal story that it is a military secret, then let us sit in camera. Let us clear the galleries and let us get true information.

Members of parliament should be relied upon as much as any business man who comes here to make money in the Department of Munitions and Supply and to organize trusts. I said—and it was not denied either by the Minister of National Defence or by the Minister of Munitions and Supply before the last adjournment—that on the treasury benches there were men who wanted to organize Italian corporatism, Italian fascism in Canada. I am for democracy, and I regret that my hon. friend from Parkdale is not in his seat. But members must recollect that when it was desired to have the hon. gentleman who was in the chair—he was not you, sir—prevent the hon. member for Parkdale

from speaking, I said: "Let him speak; I will answer him afterwards; but both of us must be given freedom." That is what I understand by Liberalism, and my freedom of speech shall not be curtailed by anyone in this house. I was here a long time before the pontiffs of materialism who are now handling the business of this country in certain departments, and what I think is that the human lives of my constituents and the lives of other citizens in Canada are worth more than any pile of money, worth more than any of those earthly treasures that some people seem to appreciate so much. If the people of Canada are ready to make the supreme sacrifice in the defence of this land, there should be a general clean-up in the Augean stables of the Department of Munitions and Supply.

Mr. HANSELL: I do not quite agree with the Minister of Pensions and National Health when he says that we have exhausted this department. I do not think that we can exhaust that department or exhaust the minister even though some of us would like to exhaust the whole government. I wonder whether the Minister of Munitions and Supply would give the committee the procedure that is followed when the government buys land on which to establish an air training school. My understanding is that the government have their agents out looking for desired sites. The agent will go to the owner of the land, who may be a farmer. I suppose most of the land is owned by farmers, and the agent will dicker with the farmer. He will tell the farmer that the government is going to establish an air training school here, that this particular property has been chosen for the school and that the government must have it. Perhaps he asks the farmer how much he wants for his land. The tendency may be for an individual to say then, "Well, now, here is a chance to make a little money." I suppose that is sometimes done. Anyway, the farmer will quote his price; the agent will say, "Oh, that is much too much," and the agent then will suggest how much the land is worth, which perhaps is about half what the farmer asks for. Then there will come bargaining one with the other. I am told that these agents will say to the farmers, "Well, now, there is no use in your bucking the government; the government is going to take the land anyway. Of course, if you want to go to court about it, that is your own business." But no farmer wants to go to court against the government; he thinks he will not win the case anyhow, so eventually he is brought to a place where he will accept what is offered. The agent reports to his superiors and the deal is closed. Would the minister tell us just what happens when an agent reports to his superiors what the land has been offered for? If there is a board of arbitration has the minister any record of the board raising the ante on the farmer and giving more than he asked? Perhaps it would be in order on some occasion to ask for a return of the amounts paid for these parcels of land; however, I am not interested in that for the moment. Would the minister tell us exactly what the procedure is? I have in mind the case of a man who claims to have been paid half what his property was really worth.

Mr. HOWE: The Department of Munitions and Supply arranged with the Canadian National Railways that the experienced land department of that railway would acquire the lands needed by the department, and that practice has been followed in all our land purchases. Mr. Clark, the head of the land department of the national railway, with his staff, has made all the arrangements. My hon. friend gave the procedure. Of course, before any land is purchased, the government is free to act, and the usual practice is, I think, to test out the value of land in that area by endeavouring to make actual purchases. If that is done and it is not possible to complete the purchase by offer and acceptance, then expropriation is proceeded with, and the reluctant seller has the choice of going before the exchequer court and taking the value placed by the court or settling with the government. Sometimes one course is followed, sometimes another. I have heard many criticisms of prices paid for land, but as far as western Canada is concerned the criticism has seldom been that the price was too low. I think my hon. friend will find that usually it is well above the normal price in the area.

Mr. ROSS (Souris): Is it necessary that plans be signed by the Minister of National Defence for Air and the commandant in that area before an airport is constructed?

Mr. HOWE: Oh, yes.

Mr. ROSS (Souris): Is it never done otherwise?

Mr. HOWE: No.

Mr. GREEN: Have any steps been taken to set up a steel rolling mill in British Columbia? As I understand, there is no way of disposing of scrap iron there unless it is sent to the United States; yet many cargo vessels are being built for which steel has to be imported, and steel will be needed there for a long time. Would it not be worth while for the government to put in a rolling mill or whatever plant is necessary to make use of that local supply?

Mr. HOWE: The government never builds mills of that kind itself. It will assist in the financing of a mill, and I have offered to do that on one or two occasions with those who take an interest in the situation at Vancouver, but the matter has never been followed up. There are difficulties; Vancouver is ordinarily a sort of dumping ground for the eastern mills. Ordinarily the price of steel products in Vancouver is lower than in Sydney or in Hamilton where the steel is made, and all the companies seem to compete in that area. It is very doubtful whether an industry put there at this time could succeed in peace time.

As far as building steel ships goes, the contribution of an electric furnace would be of very little use, only to make castings suitable for bolts and nuts and foundry work of that kind. It could not make ship plates or ship shapes or any of the highly finished products. The small capacity furnace that would be warranted by the amount of scrap available in British Columbia would be neither here nor there. We would like a small supply of that type of steel on the west coast, and my offer is still open if we can find anyone willing to risk their own money in the venture and supply the management.

Mr. SHAW: In connection with land purchases, is the actual contract negotiated with the assistance of officers of the crown, or has the department lawyers in the employ of the government in the various provinces?

Mr. HOWE: The actual negotiations are carried out by the land department of the railway. In acquiring the title we apply to the Department of Justice for legal assistance, and if they have an officer in the area they usually refer it to that officer; if not, they choose a solicitor, usually convenient to the area, who conducts the search and certifies the title.

Mr. HANSELL: Is there a board of arbitration at all?

Mr. HOWE: No.

Mr. McNIVEN: The other day when the Minister of National Defence for Air was speaking he described the repair and overhaul of aeroplanes as a troublesome problem. What facilities are available in western Canada for the repair and overhaul of aeroplanes? What policy is pursued? If it is done in large centres or central plants, where are those plants located and what capital assistance has been given towards their construction and equipment?

There are a number of aerodromes in western Canada, a number of schools being operated, and I understand there is a staff in each of those aerodromes, varying from twenty to perhaps seventy mechanics, more or less proficient, who make minor repairs and who in course of time become so skilled in these repairs that they tell me they could take care of anything except the repair of a crashed plane. Does that come under the Department of Munitions and Supply, and would the department consider the extension of the plan, supplying each aerodrome with some additional equipment so that even more extensive repairs could be undertaken?

The other day the minister stated that the shortage of parts was a serious problem. What provision has the department made with regard to furnishing parts, and to what extent could the smaller machine shops throughout western Canada be used in the making of these repair parts? We have, as I said before, a large number of skilled mechanics in the west, I should have said still in the west. From week to week these men are being drained into industry in eastern Canada. Only some three weeks ago an advertisement appeared in all the western papers asking lathe men, grinders, borers and other skilled operators to apply to the employment agency, stating that their expenses would be paid to points in eastern Canada. I realize that the Minister of Munitions and Supply is most anxious to obtain a completed product, but we who live in the west dislike this continued migration of our skilled workers to other parts of Canada. Therefore I would once more urgently call to his attention the desirability of bringing industry, and a greater part of Canada's war effort, to the point where the labour can be found.

Mr. HOWE: As far as the overhaul of planes is concerned, the Royal Canadian Air Force maintains an overhaul staff at each airport. A plane, of course, is overhauled almost every time it lands. It is checked out each morning after an inspection, and any minor repairs are made by the staff. The air force can expand these staffs as much as it wishes, but I think it has been found economical to have them do only the minor repairs. Any major overhaul, such as the tearing down of an engine, the repairing of a wing, or anything of that sort, is sent to one of the overhaul centres which are operated by the Department of Munitions and Supply. Each type of engine has its own overhaul plant, one in western Canada and one in eastern Canada. The engine would be sent to that plant, which has facilities for tearing it down, replacing any defective parts, rebuilding it and testing it for use. Similarly the planes are sent to certain major overhaul

depots where they are stripped down and where defective parts are replaced. There are a number of these depots in western Canada; two at Vancouver, one at Edmonton, one at Prince Albert, one at Moose Jaw and one at either Medicine Hat or Lethbridge. There is a very large one at Winnipeg.

Certainly the intention has been to repair in western Canada the planes used in western Canada. The plan we have followed in locating the major overhaul bases has been to expand existing industries. In Vancouver we had two pre-war repair industries; these have been expanded. We had an overhaul plant at Edmonton, which had been in existence for a good many years; that was expanded, and the same thing was done at Prince Albert and Moose Jaw. In Winnipeg we had MacDonald Brothers, which plant now has been expanded into a very large overhaul project. As my hon. friend has said, the repair of aeroplanes, both major and minor, is a very large and growing problem. I think I said in my statement that the major overhaul plants would handle about five thousand planes this year. Of course some planes would be handled two or three times, but nevertheless the number of planes requiring overhaul this year will be about five thousand. We estimate that next year the number of planes requiring overhaul in all Canada will be ten thousand, so this in itself has become a major industry.

Mr. REID: There was a return brought down to-day showing the exports of steel scrap from British Columbia. Does the minister think it is good business on our part to allow steel scrap to be exported from British Columbia when it is so greatly required for the manufacture of steel in Canada? In answering that question, could the minister tell us what has become of the shipload of steel scrap that was on the ss. *Boris*, tied up at the Vancouver dock? My view is that no steel scrap should be exported from Canada, because every pound of it will be and is required for the manufacture of our steel.

Mr. HOWE: It is all very well to say that not a pound of steel scrap should be exported from Canada, but we must remember that on balance we are importers of steel scrap to the extent of about five hundred thousand tons a year. There is no steel industry in Vancouver at the present time; in fact, to my knowledge there never has been a steel industry there. We have scrap in British Columbia, which is not an economical area for any steel consuming furnace. When we are asking the United States to give us scrap in the eastern area to the extent of about five hundred thousand tons a year—and I may add that without this scrap we would not be able to conduct our steel operations at Sydney, Hamilton or Sault Ste. Marie at the present rate of production—it is very difficult for us to refuse to export to the United States scrap which is needed there and which is in an uneconomical area in Canada. You may say provincial politics will prevent it, if you like; nevertheless this is a national problem of great importance, and we are meeting it as we should meet national problems. In other words, we are allowing the scrap to move out of an uneconomical area for the sake of getting a very much larger tonnage of scrap in an economical area, where the scrap can be used for war purposes.

Mr. REID: Has the minister any information regarding the 7,500 tons of steel scrap tied up in the Greek ship ss. *Boris?*

Mr. HOWE: Yes, I think the ship and its cargo of scrap are still at the dock. Our department is very much interested in both the ship and its cargo, but so far no means has been found of acquiring ownership. Greece, of course, is not an enemy of Canada; it is an ally, and as yet we have not been able to find a Greek government which can release the ship to Canada. We are hardly justified in seizing it from a friend, and we cannot buy it.

Mr. HARRIS (Danforth): I should like to put on record an observation with regard to the matter discussed a moment ago by the hon. member for Regina. Perhaps the minister will be able to give some thought to it, or possibly he may be able to reply. In my opinion one branch of the Department of Munitions and Supply has not been given sufficient consideration; that is the branch having to do with the salvage, for example, from the five thousand planes the minister mentioned a moment or two ago. Quite a number of planes are not overhauled. As the minister knows, badly crashed planes are thrown into the corner until after the inquest and whatnot. They remain there for a considerable length of time and eventually find their way into ordinary scrap, aluminum, steel, or whatever it may be. I would not suggest for a moment that some branch of the air force, taking its advice from the Department of Munitions and Supply, should try to reclaim those parts to put in other planes, but I do believe that a very large quantity of parts of considerable value might find their way into the ordinary plant repairs and maintenance requirements of industry. They would be worth a good deal of money, much more than would be their value for salvage. On account of freight rates it is

difficult to move large quantities of salvage to points of consumption, but a large number of parts used in industry—because, after all, they are standard goods—could be put to useful purposes, and add to the general economy of Canada.

I believe, if the minister would have an investigation made at Uplands, he would find motors which may have been in crashes, and other parts of planes, left out so that they are rusting and spoiling. I would ask the minister to answer this portion of my question: Is there any branch in his department giving attention to the matter of salvage? Do not let there be any misunderstanding, I would not for one moment ask that the spare parts be put back into aeroplanes which are carrying people 10,000 feet up in the air. I would not ask that such a chance be taken. At the same time there is a market for those parts, and it seems to me that with the elaborate inspection system in the Department of Munitions and Supply they could be reclaimed and put back into service in industry, if not within the Department of Munitions and Supply itself.

Mr. HOWE: The Department of Munitions and Supply has a scrap disposal division, but it deals more particularly with scrap from our own industry, such as turnings from shell castings and gun forgings. Crashed aeroplanes, however, are the property of the Royal Canadian Air Force. My hon. friend may know of instances where engines have been left out in the open. I would not question his knowledge, but I would assume that parts of engines are so badly needed as spare parts for the Royal Canadian Air Force that an engine would be reclaimed very quickly and stripped.

Mr. HARRIS (Danforth): It is not being done to the extent it should be.

Mr. HOWE: I shall be glad to take the matter up with our own aircraft department, and with my colleague the Minister of National Defence for Air, and we will see that it is done. I fully agree that it should be done. Of course, no property of the government can be sold, except through the salvage officer in the Department of Finance. That office is functioning. Any reclamation or sale of government property is carried on through it.

Mr. ESLING: I should like to direct the attention of the minister to the matter of real estate, and I do so because I would expect him to be in ignorance of the case I shall place before him. After, however, I relate the circumstances, he may wish to have a chat with someone in his department entrusted with the erection of buildings. In the Slocan valley at a point called Crestover there is a beam station. Two residences were constructed for those looking after the station. Each of those residences cost $9,000, and the director of housing in Ottawa told me that the average price for a six-roomed residence under the government plan is about $4,500.

The blue-prints and specifications in this instance constitute a huge volume more than an inch in thickness. Who the architect was, I do not know, but I would ask hon. members to follow the plans. Downstairs there are two bedrooms, a bathroom and a kitchen. There is also a combination livingroom and diningroom. Upstairs there are three bedrooms, but no bathroom. The joke is that the specifications call for a waterproof concrete foundation. The fact is, however, that two or three wells have been drilled to a depth of over 400 feet, and water has not been found.

I know the minister resents any suggestion of politics, but I must point out that within thirty miles of these buildings there resides a Montreal architect who moved to Kootenay West for the purpose of supervising and planning the construction of a $100,000 residence. His further capabilities were indicated by the fact that he was awarded a prize for the construction of the Canadian building at the world's fair. Nobody in the interior was given an opportunity either to review or to tender on the buildings. But the one who did get the contract was a man who had done most of the Liberal contracting in Kootenay West for the last twenty years, and he resides in Vancouver, 500 miles away.

This means that $9,000 was thrown away on those buildings. The two buildings could have been constructed for $9,000, instead of only one of them. The people resent this, when they stop to think that they are striving to meet the government's appeal for the purchase of war savings certificates and victory bonds. Surely the minister would admit that any repetition of such reckless and useless expenditure should not occur.

Mr. HOWE: Houses of that type are built by the Department of Transport. They build a great many of them. I recognize the layout of the house described by the hon. member, because I have been in many of them.

Mr. ESLING: The man upstairs could not take a bath, I suppose.

Mr. HOWE: There is a full basement in those houses. They contain first-class heating plants, because they are usually built in remote areas. Of course they have complete plumbing. Because they are built in remote

areas they are of fireproof construction. I believe my hon. friend will agree that they are of either concrete or brick construction.

Mr. ESLING: No; they are frame.

Mr. HOWE: I would be surprised to find that. The ones I have seen are of fireproof construction. I shall, however, look into the matter. May I point out that tenders are usually let. The plans are advertised in local papers. That is the procedure which has been followed by the Department of Public Works for many years, and I cannot imagine that the contractor would obtain very much more than the fair cost of the building. The plans may be extravagant, but, as I say, they are plans which have been adopted as being suitable for similar buildings in other parts of Canada. My hon. friend has, however, pointed out that this is a frame building, and for that reason I would be pleased to look into it, and perhaps give him some information with respect to it later.

Mr. HARRIS (Danforth): I would ask for a reply to-morrow to the question I asked on November 4.

Mr. HOWE: I will give it.

The committee rose and obtained leave to sit again at the next sitting of the house.

On motion of Mr. Crerar the house adjourned at 11.03 p.m.

Tuesday, November 11, 1941

The house met at three o'clock.

NATIONAL WAR LABOUR BOARD

RECOMMENDATIONS FOR APPOINTMENTS TO BE MADE THIS WEEK

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): May I ask the Minister of Labour when it is anticipated that appointments will be made to positions on the national war labour board?

Hon. N. A. McLARTY (Minister of Labour): It is anticipated that these appointments will be made almost immediately. May I explain that any delay in the appointments is not due to any action of the government. The recommendations have to come from the national labour supply council, and practically all the representatives of labour on that council and a great many representatives of the manufacturers have been attending the International Labour Organization meeting in New York. They returned only on Monday, and we expect to get their recommendations on Thursday.

FISHERIES

REGULATIONS WITH RESPECT TO EXPORT OF HERRING

On the orders of the day:

Hon. R. B. HANSON (Leader of the Opposition): I should like to direct a question to the Minister of Fisheries in relation to the order in council, passed in August last, under which the fisheries regulations were amended in so far as they relate to the province of New Brunswick, and which provided for the banning of the export of herring between January 1 and April 15 in each year. As he is aware, the matter has been under reconsideration—if that is a proper term to use—and I was informed that a meeting was held in the United States recently—this very last week. I want to know if it has now been decided to rescind the regulation, or what the position is.

Hon. J. E. MICHAUD (Minister of Fisheries): The matter is still under advisement. Negotiations are being carried on with the United States authorities with a view of satisfying all concerned.

Mr. HANSON (York-Sunbury): "Satisfying all concerned"! That means that you are going to rescind it; that is the only way to satisfy them.

LABOUR CONDITIONS

BALLOT IN FORD MOTOR COMPANY PLANT—LETTER OF THE PRESIDENT OF THE COMPANY

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I wish to ask the Minister of Labour if his attention has been drawn to an advertisement which appeared in, I believe, the Windsor *Star* on the seventh of this month. A copy of the page has been sent, I understand, to hon. members. I am not going to read the advertisement, but I wish to draw attention to a copy of a letter which has been inserted in the advertisement, and which has been sent by the president of the Ford Motor Company of Canada to each employee of the company at Windsor. The letter has to do with the organization of the employees in the plant. It begins:

> Let's discuss this organization question, man to man.
>
> You have been approached, or will be approached, by organizers urging you to sign up with a certain union.
>
> Everyone knows what they promise.

Then it says that this will cost the employees $150,000 a year. Further on in the letter, as it appears in the advertisement, it is stated:

> The impartial services of the Department of Labour of the dominion government are avail-

able for just such a purpose. Under their supervision a committee of employees can be nominated and elected by secret ballot. This ballot would give every man a chance to express his real opinion on this question.

Has this been drawn to the minister's attention, and if it has, does he not think that it violates or contravenes paragraph 6 of order in council P.C. 2685, which states:

That employees should be free to organize in trade unions, free from any control by employers or their agents.

Hon. N. A. McLARTY (Minister of Labour): Mr. Speaker, I did not see the advertisement. I do not know that it is necessary for me to go into it in any great detail at the present time. The reason is this. Both employers and employees agreed that they would hold a ballot under the auspices of the Department of Labour. Those auspices have been provided. The form of the ballot has been agreed upon. I believe that every detail in connection with the vote has been agreed upon between the employers and the employees; if there is any detail outstanding it is a very small one. The vote is to take place on Thursday. I do not think that I can go further than to say that those representing the union to which the hon. member for Vancouver East has referred have expressed their complete approval of all the arrangements that have been made; and so has the company.

Mr. MacINNIS: The minister did not answer my question. I asked him whether this did not violate or contravene P.C. 2685—interference with the employees in forming a union of their own choice.

Mr. McLARTY: The suggestion was made by the company that a vote be taken to obtain the wish of the employees of the company as to whether or not they desired to join a particular union. The union said, "That is perfectly fair; we are willing to have a vote taken to determine whether or not the majority of the employees of this plant wish to join this union." Surely there is no violation of order in council P.C. 2685, or any other, in a mutual agreement on the part of the company and the employees, who decide that this is the fairest method of determining the wishes of the employees themselves.

MARITIME PROVINCE LUMBER WORKERS EMPLOYED IN THE UNITED STATES

On the orders of the day:

Mr. J. L. O'BRIEN (Northumberland, N.B.): Yesterday the Prime Minister was good enough to reply to a former question of mine with regard to the passage of woodsworkers across the international boundary. His reply specifically mentioned the product of "a good proportion" of such workers as eventually reaching Saint John, New Brunswick. I wish to ask the following questions: (a) How many workers are actually so engaged in connection with Saint John, New Brunswick, industries? (b) How many are so engaged the product of whose labour does not return to Canada?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Obviously I cannot give an answer at the moment, but I shall try to secure the information.

FOREIGN EXCHANGE

INTERNATIONAL LABOUR OFFICE—TRANSFER OF FUNDS TO THE UNITED STATES

Hon. J. L. ILSLEY (Minister of Finance): Yesterday the hon. member for Parkdale (Mr. Bruce) asked a question with regard to remittances of funds by representatives of labour unions in Canada to head offices or other offices of labour unions in the United States. The question was connected with one relating to the International Labour Office, and that part of the question may have been completely answered by the Prime Minister. However, I have here a complete reply which I will now give.

As the Prime Minister stated yesterday, the International Labour Organization is an intergovernmental body and the arrangements regarding the operations of its bank accounts as set out in the *Canada Gazette* of October 25 confirm the international status of these accounts and in general place them on the same basis as the accounts of diplomatic representatives of foreign countries. As the members of the house are no doubt aware, the International Labour Organization is a part of the League of Nations which formerly had its headquarters in Geneva, Switzerland. When it became impossible to carry out the important duties of this body from Geneva the director of the International Labour Organization accepted in the summer of 1940 an invitation from McGill university to establish a working centre in Montreal.

As a matter of interest to the house, I would mention that the budget of the International Labour Organization is established in a hard currency, namely, Swiss francs. Their expenses in Canada over and above the portion covered by the regular annual contribution of the Canadian government are met from the proceeds of the sale of hard currency to the foreign exchange control board. This is in effect a transfer of United States

funds to Canada. The establishment of a working centre of the International Labour Organization in Montreal therefore has the incidental effect of bringing United States exchange into the country.

The hon. member for Parkdale will realize that the arrangements made for the International Labour Organization do not grant any privileges or concessions to the Committee for Industrial Organization or other similar labour bodies.

The government's policy is to provide foreign exchange for the payment of fees, dues or other normal contributions in connection with membership in all recognized international professional, occupational or fraternal organizations. These include such organizations as international service clubs, fraternal societies, trade and professional associations as well as international labour unions. All these various types of international organizations are treated on exactly the same basis and no preferred treatment is given to any one of them.

FEED GRAINS

POLICY AS TO FREIGHT RATES ON SHIPMENTS EASTWARD

On the orders of the day:

Mr. M. C. SENN (Haldimand): Will the Minister of Agriculture make a statement before the house rises regarding the policy of the government in the payment of freight rates on western grains moved eastward for feed purposes? What safeguards are being provided to ensure that the farmers will get the benefit of this payment of freight rates; to whom should they make application, and so on? Will the minister give a brief outline indicating what the policy of the government is?

Hon. J. G. GARDINER (Minister of Agriculture): What I said the other day will apply very well as an answer to the question. Just as soon as the departments which are now under review have finished answering questions, I shall be here, prepared to answer any questions with regard to such matters as distribution of feed grain. I shall give such information as may be deemed necessary.

PRIVILEGE—MR. ILSLEY

PRESS REPORT AS TO TRAVELLING EXPENSES OF THE MINISTER OF FINANCE

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): I rise to a question of privilege. A press report published on November 4, purporting to set out the travelling expenses of various ministers of the government, gave the travelling expenses of the Minister of Finance for the fiscal year ended March 31, 1941, as $17,257—that is, for the Minister of Finance and secretaries. For the previous year ended March 31, 1940, the amount given was $544. So far as I am concerned—and I was Minister of National Revenue part of the time and Minister of Finance for another part—the figures are as follows: For the fiscal year ended March 31, 1940, for myself and two secretaries, $1,743.62; for the fiscal year ended March 31, 1941, $585 for myself and nothing for secretaries.

This information is contained in sessional paper No. 335. I mention this merely because the statement is receiving some circulation, particularly in my province, and it has been suggested that unless it is corrected it might possibly have some detrimental effect on the war savings campaign.

THE WAR

INTERNATIONAL SITUATION SINCE JUNE 14, 1941—CANADA'S WAR EFFORT

The house again in committee of the whole, Mr. Bradette in the chair.

Mr. J. H. HARRIS (Danforth): As I came into the chamber I saw staring me in the face "November 11", and I thought back some twenty-three short years ago to another November 11. What a change, what a difference, Mr. Chairman, in two decades! Did we go far enough twenty-three years ago? I doubt it very much. Are we going far enough to-day? I say, nay; we are not going far enough. We are not doing all that we are capable of doing. In the last decade there have been voids, not of a day or of a month, but of a year when we were not at our task in furtherance of the things we hold dear. I do not purpose to sound a note of criticism or say anything to belittle the effort that is now being made. I do not purpose to recite history or geography; we have had enough of that. But we have not had nearly enough about what we are going to do in the present emergency. We all know that we failed during the last decade. We all know where the responsibility lies; I am not going to recite it. We all know from our press and other sources of information what has taken place. When I think of the state of Europe I am impelled to say a word on the state of our nation, the state of democracy, the state of our empire. But first let me deal for a moment with Europe.

The first minister of the crown gave you the history and the geography up to the present, and then he stopped. It has been my privilege to know something of Europe. A dozen of the capital cities of former independent states are to-day under the heel of Hitler. From the Arctic to the Aegean, from the walls of Moscow to the Pyrenees, the people of Europe are under the heel of Hitler. Who are the people who are under that heel? We know them—broad-backed, short-legged men and women who have known nothing for many generations but hard work; two hundred million of them enslaved to a hundred million slave-drivers. Yet on all sides we see signs in our land of a lack of continued effort. We find the power of this chamber not harnessed to-day, this chamber which is the detonator or sounding-board of the nation, this chamber which is the only free expression of opinion in Canada. Sitting here to-day many hon. members feel that they ought to be out of here, ought to be at home, that they are not doing any good here. They feel that perhaps this is not the way to inspire the nation. That sounding-board in the fourth estate cannot refuse to disseminate what is placed on the record of *Hansard*. It will not be censored; it will be recorded freely in a censored press. It may be repeated over the radio and it may be of some consequence in helping us to call for an all-out effort. I do not criticize too much the Prime Minister (Mr. Mackenzie King); I know he has to be away from this chamber a good deal. As I said some years ago, the ministers of the crown should have some kind of organization that would relieve them of the necessity of sitting here long hours; they should have deputies or undersecretaries to carry out the little duties so that the ministers themselves could come in to attend to the big duties.

Sitting opposite me to-day is the Minister of Munitions and Supply, operating the biggest industrial enterprise that Canada ever knew; indeed I am of the opinion that the industry of which he is managing director is the greatest on the north American continent. Why should he have to sit here and listen to speeches such as he had to listen to yesterday? I take full responsibility for what I found it necessary to say, and more and more is going to be said. But the responsibility for such a set-up as we have is on our present organization. I say to the Prime Minister: there are men within your own ranks, and hon. members on this side, who are well able and anxious to do something on behalf of Canada. Inspire them; use them; put them to work. The Prime Minister, speaking of a certain committee, said that it afforded an opportunity for hon. members of the House of Commons to do some useful work. In the operations of the war expenditures committee, what opportunity was given? None. Was it fair; was it set up in such a way that it could be of real service? It did some good. What took place during those hot days of June, July, August and September? What was being done in the supposed centre of all activity in Canada—Ottawa? I said on one occasion, and I reiterate it now, that Ottawa was like a morgue. Who was chairman of that committee? A member of the government. First they thought of subdividing the committee into five; then when it was apparent that four members of the official opposition could not be divided into five parts they made it three, so that we had one member on each subcommittee, except one on which we had two. So that a member of the official opposition could move a motion, but was often unable to find a seconder. The committee was improperly formed; the electorate of Canada was not equally represented, and we did not have the opportunity of doing all the work we would like to have done. But I shall have more to say on that a little later.

On this occasion I want my remarks to be more appropriate to the day—this sacred day, Remembrance day. I point out to the Prime Minister and the government that our people are looking for more leadership, not only from the Prime Minister but from all of us. It seems to me that we in Canada and in this house are acting like people in the bleachers at a football match. We are watching the game. We are watching Russia, watching Germany; our spirits go up and down; we do not seem to realize that we ourselves are in the game. We are coming to the semi-finals. One by one those opposed to totalitarianism have been defeated. To-day with our wishful thinking we are hoping that Russia will hold out. Very shortly the finals are coming. Where are we going to be then? Will our people be so firmly joined in a united effort that we can give a good account of ourselves? Those of us who are gathered together in this chamber have a direct responsibility to see to it that our people are doing everything possible. But you cannot discharge that responsibility if you go to your homes and let this House of Commons sink back into the moribund state which existed here between the close of June and the beginning of November. We have no right to go home until we point the way in all our activities, and until our people feel that we are doing everything we possibly can do.

When I think of the strength of those opposing democracy it frightens me, and I am not one who is easily frightened. When I think—and I say this in all kindness—of the weakness of our national effort, led by the present administration, it frightens me. Why do I say that? Not because the Minister of Justice is ill and absent from his place; not because the Minister of Transport is ill. I have a profound respect for those hon. gentlemen; I am sorry they are not here, but because they are ill Hitler has not stopped the war. Someone should be found not to replace them but to take charge of their departments; and I would not limit it to that. I am thinking of what these two hon. gentlemen mean, and what they represent, to one quarter of our population, people who were citizens of Canada long before many of us were Canadians, whose families have been in this country for many generations. What they feel in their minds and hearts is not being fully represented in this chamber. In all possible kindness I say to the hon. member for Témiscouata (Mr. Pouliot): You may reflect some of the sentiment in your province, but you are only human and you cannot reflect it all. We need all the inspiration it is possible to get during these very difficult and trying times.

Let us to-day, then, rededicate ourselves one and all to the cause which concerns us day and night. Let no word of mine be regarded as of a pessimistic nature. I want to be realistic all through this difficult time. I want to know what is happening. Several hon. gentlemen opposite have been in England. All those who have been there should tell those of us who have not had that privilege exactly what is in their hearts. To-day I speak from my heart, from my head, and from the very depths of my soul, just rambling on trying to tell you how I feel about the state of our nation. If we must have a closed session in order that those who have been there may tell us what is going on, let it be a closed session. I take second place to no one in this chamber in my desire that everything for the good of the nation should be discussed in open session. I have had some experience during the last few months in that regard, and I have not altered my point of view; but if the Prime Minister in his judgment says we should have a closed session if we are to have the truth, then let us have a secret session. I ask you, Mr. Chairman, are the men in this chamber my colleagues or must I listen to their stories told in whispers, and draw my own conclusions? During the twenty years I have sat here I have thought, and still think, that the members of this house are my colleagues. What I know that is in the interests of the nation, they should know; what they know that is in the interests of the nation, I should know. Otherwise I am not able to serve to the best of my ability. I do not want to listen to scandalmongers on street corners as to what is happening over there. I want to listen to those who have been there; and I demand of the administration now that my request be given consideration.

We get information from other sources, of course, and we reveal that information in this chamber so that the nation in turn may know what is going on. I received a letter only last evening from Welwyn Garden City, Herts, England. This letter is from the managing director's office of a very large concern in London; it is dated 21/10/41, and is postmarked Ottawa, November 10. It reached Ottawa last night. This is what the writer says:

> And so this wretched war drags on! The feeling here is just this. We would far sooner die than yield to a tyranny that we think would be far worse than death. But we just don't intend to die quietly at the hands of the hun. We shall fight him if he comes, and we shall beat him. He will never, no never, take this island home of ours. I am, my dear Joe, assured, as you say, that you are all with us in this fight, to a man, and this is a great inspiration to us. God bless you and yours.

A quarter of a century ago the battle was raging at Vimy. Where will it be raging soon; on the Sussex downs? If we fail, all fail; if we fall, all fall, according to some of our great statesmen. Therefore, speaking as an ordinary member of the Canadian House of Commons, and guaranteeing all the cooperation I can give at this time, I say: recognize us; acknowledge us; inspire us; shame us; enthuse us; exalt us; employ us; drive us; order us; command us; criticize us; approve us; disapprove us; chastize us; listen to us; possess us; dispossess us; control us; charge us; bankrupt us; pauperize us; cheer us; free us; prepare us; dedicate us; rededicate us; bereave us; conscript us, and for God's sake lead us.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Chairman, yesterday I drew the attention of the Prime Minister (Mr. Mackenzie King) to the fact that it was rather difficult to deal with the various departments as single units. We are now dealing with the Department of Munitions and Supply.

Knowing something of the manufacturing industry in Canada, may I say that I do not

know of any minister who has a more difficult job, or who is getting more cooperation from the manufacturers and workmen in Canada, than the Minister of Munitions and Supply (Mr. Howe). He has a tremendous task, a task which is not particularly associated with government policy. His job is to get munitions and more munitions. The only part of it connected with the general administration of the government is the effect that the Department of Labour, Department of Finance or the Department of National Defence may have on the production of the munitions he requires.

So that the Minister of Munitions and Supply is not particularly concerned with government policy, except as it may affect him. I repeat, he has a tremendous task. He has many able men surrounding him. Sometimes I wonder how they handle the task which has been given them. On many occasions I have had to appear before officers in that department in connection with difficulties arising in industries in my own constituency. Waterloo county is a highly industrialized section of Canada. I have found those officials anxious to do everything they could to help the minister, and to help in our war effort.

But in dealing with his department we must also deal with the departments of labour and finance. Let me give an example of how those departments are dovetailed. When war broke out most industries realized that there would be an increase in the cost of living. Heads of industries who were fair to their employees—and most of them are—immediately put into effect either a bonus system or an increased basic rate of wages. Later on an order in council was passed by the Department of Labour making it mandatory that industries dealing directly with the government give a cost of living bonus. The plea went out to industries which were not dealing directly with the government that they also give a cost of living bonus, so as to avoid strife between industry and labour in Canada. Most of the industries responded to that request.

What happened? During the last session, when the increase in the national defence tax became effective, pleas were made by hon. members on this side of the house that in levying the national defence tax, and in the compilation of income tax, exemption up to a certain amount should be allowed. The Minister of Finance (Mr. Ilsley) accepted the idea that married men without children should be exempted up to $1,200. Then the Department of Labour issued the plea that a cost of living bonus should be paid. Hundreds of employees in my district were granted the cost of living bonus, at that time computed at the rate of five per cent. On the basis of that percentage a bonus of $60 a year was to be paid to married men earning $1,200. That was done because the Department of Labour pointed out that it would cost those people $60 a year more to live. Then the Minister of Finance came along and said, "Now that you are getting $1,260 a year I shall have to levy on you a tax of five per cent." And so the Department of Finance took from the man who, on the plea of the Minister of Labour, had been given a cost of living bonus, the bonus which had been given to him. Actually the tax would have amounted to $63, but the Department of Finance could take from an employee only an amount sufficient to bring him back to his $1,200 basis. The same principle applies to single people.

It appears therefore that we have two departments acting differently. One department pleads with the industries in this country to treat its employees fairly, and when they are about to do so the Department of Finance comes along and takes from them what the Department of Labour has asked industry to give them.

I had thought that when the house reassembled, in view of the fact that so much had been done by order in council—and I realize the necessity for it—we would have prorogued and begun a new session. These measures had been tried out for a year or more, and, from the experience we have had in their operation, they could have been amended so as to give the people some assurance that members of the House of Commons are trying to treat them fairly.

Employees have come to my office—and they come to the offices of all industries in my district—and have said, "We do not want your cost of living bonus, because the government is taking it away from us anyway." If the government is taking $60 from a man, does not that deduction constitute an increase in the cost of living? Is that not one more of the factors which cause inflation? We are attempting to put a ceiling on prices and on wages, and to stop inflation. Yet this very lack of cooperation among departments is doing much to bring about inflation. When the Prime Minister stated that we would sit for a week or two to give members of the cabinet an opportunity to present prepared statements, which would be laid open for discussion—despite the fact that, as the hon. member for Comox-Alberni (Mr. Neill) has said, although we can discuss them we can get nowhere because we cannot move resolutions or amendments—he pointed out that, having regard to the convenience of members and the difficulties of obtaining accommodation in the city, we should then adjourn to meet

again in January. When any man offers himself as a candidate for the House of Commons he ought to know something of what his responsibility will be. He knows what his indemnity is going to be and if he does not know what call is to be made upon him when he tries for a seat in the House of Commons he should be prepared to make whatever sacrifice may be necessary. It does not matter whether we sit here three months or six months or twelve months; we are at war and we ought to be here attending to the business of the country.

As I say, we have had an opportunity of studying the working out of many of these laws. We have been able to see something of what lack of foresight on the part of the government is doing to industry and to recruiting in this country. A national registration was taken. True, that was long months after it had been urged in the house, but eventually it was done. If the cards are checked carefully it will be found that hundreds of outstanding machinists are to-day driving bakery and milk wagons or doing other types of less strenuous jobs. If we had taken full advantage of the national registration act and had gone carefully over the answers given to the questions asked, we would have found that hundreds of thousands of young men could be placed in industry where they are vitally needed. But the only advantage we took of that registration was to call men up for war service.

Let us see what happened to the recruiting campaign in this country. When war was declared a fever of loyalty swept across the country and tens of thousands of young Canadians came forward to offer their services. But the government could not take them; they had no means of training them, they had no equipment, and there were no places in which they could be trained. They were sent home and told to come back. They were told, "We will call you when we want you." The feeling of loyalty which had swept across the country was dampened and died down. We then went on and recruited as we saw fit and as we were able to handle the men.

Finally the national war services act was passed, giving the government of the day the power to call men for service in Canada. Then the thirty-day training period was started, one of the worst money wasters we have had in this war effort. Men who were called up for this thirty-day training period have not been called up since and likely will not be called up to take further training. This represented a waste of millions of dollars, but it was an experience. Then the government decided that we should have a four months training period. Before the first four months training period was concluded the government, realizing the dangers and difficulties ahead, decided that they would conscript the men for home defence for the duration of the war. Enlistment fell off. We listened to a great many speeches by members of the government who, on the one hand, said that plenty of men were coming forward, that there was no dearth of soldiers or air force or naval men, and, on the other hand, the Minister of National Defence (Mr. Ralston) and high ranking officers of the army pleaded for men to come and fill up the ranks. They told us of the necessity for more and more men in order to defeat Hitler. In the meantime the papers were publishing stories of how the whole personnel in various training camps had enlisted, and there was on the part of the people of Canada a sense of security and a feeling that everything was all right.

During the summer months the Prime Minister went on a speaking tour in western Canada. While that tour was in progress, from many parts of the country came a cry for conscription, and from other parts of the country came a cry for selective service. The cry became so vocal that of necessity the Prime Minister had to answer it. On platform after platform in western Canada he said, "I have given my pledge to the people of Canada that I am opposed to the conscription of the men of Canada for service overseas, and I intend to abide by that promise."

Mr. POULIOT: Hear, hear.

Mr. HOMUTH: Do not yell "hear, hear," too soon. Speaking in Calgary the Prime Minister said:

> Those, however, who could serve, and who do not answer the call, will bear through life the stamp of that failure. Their neighbours will know; and, what is far worse, they themselves will know, in their hearts, that they have failed to seize the greatest opportunity which is likely ever to come to men to serve their country and their fellow men.

In other words, "Unless those of you who are physically fit and of military age are prepared to offer your services for overseas in this crisis, the finger of shame will be pointed at you." Regardless of what our families may have done, regardless of what many of our loved ones may have done, there are many sitting in this chamber who did not serve in the last war. I did not serve in the last war, and other members of this party did not. The Prime Minister did not serve, the Minister of Finance (Mr. Ilsley) did not, and there are other members of this house who

did not. But we have since been elected to the House of Commons, to an important position in the life of the nation. We did not serve in the last war, but the finger of shame was not pointed at us because we did not. Surely that is not the way to stir up the loyalty and enthusiasm of the young men who we feel ought to be serving overseas in the fighting forces of this country.

Later on in the same address the Prime Minister said:

> Let us keep these truths ever before our young men; explain the need and the greatness of service, and no compulsion will be required to fill the ranks of Canada's overseas army.

We have the Prime Minister living up to the promise which he made to the electors, and we have him saying to the young men of this country, "If you do not enlist, all the rest of your life you will be ashamed of the part that you played."

Mr. MACKENZIE KING: May I ask my hon. friend if he is reading the text of a speech of mine, or is he placing his own interpretation upon what I said?

Mr. HOMUTH: I am reading a report from the Prime Minister's own newspaper, the Toronto *Star*.

Mr. MACKENZIE KING: I wish to say to my hon. friend that with respect to men enlisting for service overseas I made no reference of the kind to which he refers. I have said repeatedly that any young man in this country who does not recognize the seriousness of the existing situation and play his part in helping to meet it is going to suffer for it in one way or another during the rest of his days.

Some hon. MEMBERS: Hear, hear.

Mr. HOMUTH: Do not cheer too quickly. Let me say to the Prime Minister that so far as service for the defence of Canada is concerned you have provided that by your conscription act, which conscripts men for service in Canada. What other meaning can anyone take from it than that those fellows whom you wanted to enlist were not for service in Canada but for service overseas, so that we would not have to have conscription in Canada—there would be no "coercion". In spite of what the Prime Minister has said, that he was against conscription for overseas service and that there was no need for coercion, we have in Canada to-day the most cowardly, vicious, coercive method of trying to get men in the army for overseas service that was ever conceived by any government in the history of this world. I have had young men come to me who were conscripted to go to these training camps; I have had fathers and mothers come to me and tell me of what is going on in some of these camps where men are being shamed, humiliated, and browbeaten into enlisting for overseas service.

It does not take any courage for a government to deceive the people as to their intentions or as to their activities. It does not take any courage on the part of officers and men or others to shame and humiliate their fellows into going into the active army. But it does need courage on the part of the government and its supporters to stand up in this chamber and admit that those things are being done. I have not seen one public statement by any member of the government, or by any private member supporting the government, protesting against this method of trying to fill the ranks for overseas service. Perhaps nothing could give us more occasion for serious thought than what was said the other day by the Minister of National Defence. In the closing paragraphs of his speech he painted a picture of what this country is facing. He said, as reported in *Hansard*, page 4134, on November 6:

> But I do want to emphasize the fact that resistance is not enough and will not bring victory; that so long as the forces of destruction continue to rage there can be no security and no peace in any corner of the world. The way to shorten the war is to have the free world with its whole resources and its total energy concentrated on the supreme task of being able to deal with Hitler in the only language he knows, and that is the language of force. Canada has its place in that great undertaking.
>
> I am no defeatist. I believe we shall win, not simply because we say so, but because Canada along with the other democracies will stop at nothing which can effectively be done to ensure that the forces of evil shall be stamped out, that the menace of slavery shall be banished, and that free men and their families may enjoy the liberty which until this struggle began we in this dominion had somehow taken for granted. We cannot take it for granted any longer. The menace is against Canada as well as against the rest of the world.

That was the statement of the Minister of National Defence. They are sentiments with which I heartily agree, with which the people of Canada agree. Yet, with the cry which went out even yesterday and is going out every day, that we must have men and women to do this, to do that, surely we have the right to expect, with the crisis as it is, that at this session of the house there should be some statement of policy; that the government would say to us, "There is a job for every man, woman and child in this country to-day. This is your job; this is yours." That has not yet been done. The Minister of National Defence says, "I expect you men to go out and help recruiting; I look to the civilian recruiting committees throughout this country

to assist the recruitment of men for the army." Every hon. member is willing to help in any possible way.

But let me add, there are many considerations which enter into this whole question. I have in my desk the facts about men who in the early days of the war enlisted for overseas service and were placed in the highest category after one or more medical examinations; after six to eighteen months' service something happened, they were declared medically unfit and sent, not back home, because they were too sick to go, but into the military hospitals and sanatoria of this country. These men came home helpless and unfit to work, as was demonstrated by two, three, and four medical examinations. Yet the government now says to these men, and through them to their wives and their children, "You are not a casualty of this war; you are not entitled to pension, you are entitled to hospitalization, but your wives and your children can go home and live on their parents or on the charity of their neighbours or the municipality." Surely if we are going to recruit men for active service we ought to be able to give them at least some assurance that their loved ones will be looked after, and that if, between their training centre and the Atlantic ocean, they become casualties of this war their loved ones will be looked after as though they had gone overseas and suffered there. Surely it is fair to ask that, because the only distinction is that they did not cross the ocean; the spirit, the loyalty, the desire to serve were all there. When we clean up these things; when we say to the wives and dependent mothers of this country what the Department of Labour has said to the industrial workers of Canada—"You are entitled to the cost of living bonus, because the cost of living has gone up"—I say, when the wives and children of those who enlist for active service are treated in that way, then we shall feel as though we can go out and honestly and conscientiously say to men, "It is your duty to serve your country, and those who stay behind are going to see to it that you and your loved ones are fully protected."

For eighteen months, Mr. Chairman, we were regaled with speeches, radio addresses, pamphlets and newspaper articles on the theme, "Let's Face the Facts". Well, let us face them. Let us not do it as Liberals or Conservatives or C.C.F.-ers or Social Crediters, but only as Canadians, from a Canadian point of view, realizing, as the Minister of National Defence says, that every decent thing there is in the whole fabric of civilization is threatened. If we are prepared to face the facts as we ought to, there is much more we can do, just as there is much more that ought to have been done before now.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I have listened very attentively to the remarks of the hon. member for Danforth (Mr. Harris). He is a likable gentleman, although he has not always been as much appreciated by his party as he should have been. He was very generous in offering his seat to his new leader, but I am sure that if his new leader accepts that gracious offer he will not fill the gap caused by the absence of my hon. friend. I do not doubt his sincerity, but it is always dangerous for an hon. member on the other side to point his finger at the member for Témiscouata because I may rise at once and reply. I did not intend to speak long to-day, but now I feel it my duty to do so in order to answer some charges, some insinuations that have been made about the leadership of my chief, the Prime Minister of Canada and the leader of the Liberal party.

I have listened to the sermon given by the hon. member for Waterloo South (Mr. Homuth). He is always eloquent and is always listened to with a certain degree of interest, but to-day he should have told the house about the intrigues that are made in the army by Tory officers against the present government. There is something that has not been said either over the radio or elsewhere about the recommendation made by my chief to the commander of the Canadian army in England. It was this, that he should do his best to spare the lives of his soldiers; and the young fools that made some noise when the Prime Minister visited them ignored the fact that if they were still alive, if they had not been killed in the Dunkirk retreat, it was because of the very wise and patriotic recommendation of my leader, the chief of the Liberal party, the Prime Minister of Canada. It is time to say that.

And now, what about leadership, and where are those who advocate conscription in the press now? There is a man in Toronto who wore out more boot soles parading in uniform on King street, before he was declared unfit, than any man in a military camp. There is another one in the house who was fired by the Canadian High Commissioner in England —fired as chief of the medical staff in England. He is advocating conscription. And who is the other one in Montreal? He is the former private secretary to Sam Hughes. He went overseas with his minister on a Cook's tour during the last war. I do not think that the members on the other side of the house will be so proud of these people who make a fuss in the press about conscription.

What is conscription? We have conscription now, although some people are afraid to call it by its name. We have conscription for the defence of this country which I think is fair.

The hon. member for Danforth says that the member for Témiscouata speaks only for his own constituency. Well, each of us has a double duty in this house. The first duty of every member is to represent the constituents who have honoured him with their confidence and honoured him by listening to his speeches during election time, and also by taking the trouble to go to the polls to mark their ballots in his favour. But members also represent Canada at large, because each member of parliament must realize that every time he discusses legislation, every time he gives his vote, he must do so not only from the parochial point of view of looking after his constituents, but also from the broader standpoint of the welfare of all Canadians. That is the point of view that members should take, and I am sure that my hon. friend the member for Danforth, as well as other members on either side, have such a point of view when they address the house or speak in committee, or whenever they rise to give their vote on any measure that is submitted to us.

There should be a general understanding about conscription, provided that necessary distinctions are made. We hear people say that we must have conscription, and by conscription they mean only conscription for overseas service. They do not regard the taking of men for service in Canada as conscription; conscription, according to them, is only for service overseas. I remember in 1939 at the special session I made a certain remark and one of the war ministers smiled. I said that I never conceived—and I cannot conceive it now—how it was that whereas the area of Canada is so large and that of England is so small, and whereas the population of England is so dense and that of Canada so small, we cannot keep our men in Canada for the possible eventual defence of this country, but that, as a matter of patriotism, we must send them overseas. I cannot conceive it. I think it shows a complete lack of proportion and is an insult to the courage of the British people. In fact, an outstanding publisher in England, a man who ranks very high in politics, once made this statement to me: Do you not think, you Canadians, that we Englishmen can look after the defence of our own island? We are just as brave as you are, and although we do not wish to offend you by telling you to return home when you come in the Canadian army, we do not need you here. We have enough valiant men among ourselves to defend our shores, to defend our island, just as we see to the defence of British trade on the high seas. Your duty is not to come here to share with us the food that is convoyed at such high cost; your duty is to stay at home and save us the trouble of having to defend Canada, which is so large a country. And he added these words, which should be remembered by every member of this house. He said: Your duty is not in the British isles, your duty is in Canada; look after Canada and we can look after the British isles. That man was a great Englishman, and his words put to shame many of the fake patriots who think only of sending the cream of our youth to England, causing embarrassment rather than helping.

Now, there is something else. All those who are in favour of conscription are not angels. I do not mean by that bad angels or good; I mean they are not spiritual beings. They need food to sustain them. That food has to be carried to their homes, sometimes from far distant places. What is the duty of the farmer in that instance? The duty of the farmer in time of war as well as in time of peace is to assure by his work that every Canadian and everyone in this country shall receive the food necessary for his subsistence. And of course when a man holds a rifle in England or is assigned to certain duty in England he cannot fulfil that great work here in Canada. Not only that; I am all for the National Resources Mobilization Act; I am all for total war effort, provided that everyone is assigned to his own proper post to ensure a complete and a quick victory over our common foe. Therefore why disturb the economic and social structure of this country? I cannot understand it.

The Union government promised the farmers that they would be exempt from conscription, not because they were cowards, as I have said before, but because they had an important work to do, the work of feeding both the army and the civilian population, and also of exporting food to the British isles—and now to Russia. That is the duty of the farmer. The fisherman has a similar duty. Why not exploit our fisheries in time of war as well as in time of peace? What is the duty of the railway employee, the man who has charge of a train, whether freight or passenger? His duty is to be here.

This, sir, is what I have said repeatedly; that the war should be carried on not on the basis of sentimentalism but on the basis of reason. The successes that the Germans have achieved in some parts of Europe are not due to sentimentalism, although they started their propaganda that way; they are based on strict reasoning. I appreciate the stand taken by my chief and by his government, to look after the defence of Canada; nothing too much can be done in that regard.

I have a word to say to my English-speaking friends. I as a French-Canadian have never uttered a word about religious or racial differences in the house. I respect the religious views of my colleagues, I respect their opinions, I respect them as men, and I want to enjoy the same respect myself. But there is one thing I will tell them; that is the only way to ensure national unity. We shall have national unity in this country only when our English-speaking fellow citizens will have the same sentiment and the same feeling for Great Britain as we have for France. There may be cultural relations with other lands, but we must think first of Canada, our common country, and our north American civilization, which does so much for the development of the mind as well as for the comfort of the body. Our American civilization now is much higher than the civilization of Europe, although Europe has led us in the past.

The very best and most stable element we have in this country is not found in the cities. It is the rural population, and so long as the rural people do their work in the future as they have in the past by helping this country to carry on the war, doing work which is just as useful as the work done in the munitions factories, then they should be considered as a class that must be kept at work without being disturbed or perturbed. I do not say that because I am a fifth columnist. Hon. members know what offers I made to the government, although they were not accepted at the time, but I am not grouching because I was refused. I want this country to win the war, and I want the people of this country to be healthy enough to do the very best job that can be done. That is why I do not want only unfits to be in charge of very important and very strenuous and difficult work. Should we send overseas only those who are healthy while men who are in bad physical condition, who are sick, who suffer from tuberculosis, hernia or goitre, will take their jobs? What happens? I speak very seriously through you, Mr. Chairman, to hon. gentlemen opposite as well as to those on this side of the house. It means that the health standard of this country will go lower and lower, and our war effort will decrease in the same proportion.

I took the trouble, at the request of the federation of mayors, to go to various cities of the United States to study the admirable work that has been done by the WPA under that great man, President Roosevelt, for the betterment of the health of the working classes. I reported to the mayors of the principal cities of my country and summarized that report in the house. But some hon. members, even including the leader of the opposition, said they did not see why I was giving so many figures. I praise very highly the Minister of Pensions and National Health for the new policies of his department, the purpose of which is to improve the health of our people. Of course they still suffer privations, and what may surprise you, sir, is that in the rural districts the people abide much more strictly by the regulations to save bacon and other foods to help our allies in this war than the people do in the cities. I commend the minister for giving a new direction to his department to improve the health of our fellow citizens.

There is something else also. In past years I obtained from the Department of National Defence some used clothing which was distributed to settlers and unemployed people in the outlying districts of my constituency. Some of these clothes were cut down for younger children, in order that they might be warmly clothed during our Canadian winter. This year, unfortunately, because of certain misunderstandings and because some hon. members who were sitting on a committee did not know what was done with this clothing, I have been unable to obtain any of these articles. It was my idea to start with the youth, to provide young Canadians with warm clothing in order that they might enjoy our healthy Canadian winter, and I hope those concerned will understand better in the future. I must also express my thanks to the deputy minister of the Department of National Defence for the assistance he has given me in the past in this regard. This clothing was not used for political propaganda; it was given to Tories as well as Liberals, to all those who needed help. We are all Canadians in this country.

It is no use talking about leadership. I could mention a good many jokes about the new leader of the Conservative party, and perhaps a few about the present leader, but I shall refrain from doing so on a day such as this. I am always ready to meet my hon. friends opposite in any constructive suggestions looking to the welfare of this country, but up to the present we have had nothing of the kind from that side of the house. I do not complain about that. It was the idea of my hon. friend the leader of the opposition that the session should be adjourned instead of being prorogued, as I suggested. He won his point, and we are meeting here again at this time. Of course speeches are necessary, and many have been delivered by high ranking orators on the other side. But, Mr. Chairman, is it not possible for hon. gentlemen opposite to cease

their insinuations and propaganda about leadership? We have a leader. He is the Prime Minister of Canada, who has headed the government of this country for perhaps longer than any other man in our history, including Sir John A. Macdonald. He has had remarkable success, and while I do not agree with everything that is done by the government I find that on the whole the Liberal party is alive while the Conservative party is dead. That is the principal difference.

Now that the Conservative party is to have a new leader I am reminded of the story of a king of Portugal named Pedro, who had a sweetheart called Inez de Castro. She was a very beautiful woman, but fell ill and died a long time before King Pedro was crowned. But at the time of his coronation he had her embalmed body mounted on a horse and paraded through the streets of Lisbon. That is the sort of parade we will have when Right Hon. Arthur Meighen becomes leader of the Conservative party; he will be parading with a corpse.

I believe we are coming to the time when there will be reciprocity between the parties, with a mutual exchange not of prisoners but of members.

Mr. MACKENZIE KING: As I understand it my hon. friend is chivalrously speaking on my behalf, so perhaps my motive will not be mistaken if I intervene at this stage to say just a word to the committee. In my position as leader of the house I have a duty which the country will expect me to perform; it is to see to it that as far as possible the house conducts its proceedings in a manner worthy of the House of Commons, taking into account the very serious situation which exists in the world at the present time.

Through the leaders of the different parties and groups, all hon. members have agreed upon a certain procedure while the house is in committee. The purpose of the house sitting in committee was to afford every possible opportunity to hon. gentlemen on all sides to question the ministry with respect to Canada's war effort. I have been listening to the speeches this afternoon. Last night I was not in the house, because during the course of the evening I had to give consideration to some very important matters, but I have glanced over *Hansard,* and I must say it does not appear that many questions were directed to the minister, bearing directly on the affairs of his department, which he was here to discuss with hon. members.

I am in this difficult and embarrassing position, that the moment I suggest it would be well for hon. members to follow the order that has been agreed upon, and to refrain from making irrelevant speeches, I am immediately charged with trying to shut off discussion, and trying to prevent freedom of speech in the House of Commons. Notwithstanding, having heard so many speeches entirely irrelevant to the matters directly under discussion, I believe the government will have to conclude that hon. members have finished with that portion of the proceedings relating to the questioning of the ministers, and have reached the point where all hon. members will be free to speak on anything they wish in regard to public affairs. I was careful to say that in the latter part of the discussion time would be especially reserved, after the ministry had reported on the war effort and questions had been asked; that when an hon. member wished to speak on other matters ample opportunity would be given to do so. If at this stage hon. members are going to continue to speak on subjects wholly apart from departmental statements, then there is nothing for the government to do but to assume that we have reached a point where at least for the time being hon. members generally feel that the specific questioning of ministers is over.

I would suggest, Mr. Chairman, that while it is understood by all that you should not seek to be other than generous in the way of giving hon. members the fullest possible latitude in matters of discussion, at this stage of the proceedings at any rate you should see to it that hon. gentlemen are reminded that the discussion should relate primarily to the department whose minister has his statement before the house at the moment. The Minister of Munitions and Supply has been here for some time. He has very important matters to which he must give attention. Now he has left, believing the committee are finished with him. At the moment the Minister of National Defence for Naval Services is here and we are ready to proceed with his department. I would ask hon. members please to join with the government in helping to expedite this part of the proceedings by reserving such general statements as they may wish to make until a later stage of the proceedings.

The CHAIRMAN: The procedure has been unusual from the beginning of this discussion, but by unanimous consent a rule has been established, as set out by the Prime Minister; and that rule is as binding on us in the course of this debate as any other rule under the standing orders of the house. Therefore I shall, in directing debate in the committee, adhere to the direction which has just been given and which, I understand, received the general assent of the committee.

Mrs. NIELSEN: I merely wish to be quite clear upon the point. There are certain things about which I wish to speak. I wish to deal with the foreign policy of the government, and would relate my remarks to numbers of departments. But if I understand the Prime Minister to say that private members will have an opportunity to speak later on matters of general interest, then I shall be most pleased now to do as the Prime Minister suggests, and wait until the various ministers have been before the committee. Is that the understanding?

Mr. MACKENZIE KING: Quite correct.

Mr. POULIOT: May I have some idea in what order the ministers will be asked their questions?

Mr. MACKENZIE KING: They are here now.

Mr. POULIOT: Other ministers will follow?

Mr. MACKENZIE KING: Other ministers are waiting, and will be prepared to answer questions in the order in which they made their respective statements.

Mr. POULIOT: The Minister of National Defence will come too?

Mr. MACKENZIE KING: I hope the Minister of National Defence may be able to be in the house to-morrow. He has for the last two days been confined to his house with a cold, and I think very wisely has sought to run no risk at this time.

Mr. G. S. WHITE (Hastings-Peterborough): Mr. Speaker, I have listened to the remarks of the hon. member for Témiscouata (Mr. Pouliot), and I wish to take the strongest exception possible to the remarks which he made when he alluded to Canadian soldiers overseas as young fools. I submit that no one in Canada, least of all—

Mr. POULIOT: Not all of them.

Mr. WHITE: Please do not interrupt. I say that no one in Canada, least of all an hon. member in this chamber, has any right to refer to any member of the Canadian forces wearing the king's uniform, and serving in England, as a young fool. I would ask the hon. member for Témiscouata if he has ever worn the king's uniform, or rendered any service to his king. What right has he to speak?

The CHAIRMAN: Order. The form of the hon. member's speech is not according to the rules. He cannot ask a question as in a cross-examination in court. I suggest the hon. member should make his statement, or his speech, without putting questions to hon. members who have not the floor.

Mr. WHITE: Thank you. But the circumstances are very exceptional. The hon. member for Témiscouata also referred to intrigues by Tory officers in the army. I would remind hon. members that all officers who serve in the army are subject to the strictest military discipline, and they are not permitted or allowed in any way to reply to charges against them.

On the day of the opening of the house I heard over the radio an announcement to the effect that the speech to be delivered by the Prime Minister (Mr. Mackenzie King) at the beginning of the session would be the most important announcement made since the war started. Yet when I read his speech in *Hansard* I find no information as to what he saw or heard on his trip to England. Neither did I—

Mr. MACKENZIE KING: May I say a word with regard to this matter. In the first place I do not think I am responsible for anything that is said over the radio. In the second place the speech I made at the opening of the house did not purport to be anything other than a statement of the international situation. I have made such statements each time when the house has reassembled, either at the beginning of a session or after an adjournment, and I was following that procedure. Similarly, on occasions when the house has met, either at a new session or after adjournment, after I have made such a statement the leader of the opposition has been the first to speak. The leader of the opposition (Mr. Hanson) expressed to me his desire to speak following my statement on the international situation. My hon. friend made his speech, and it was arranged by agreement that we would then follow the usual method with regard to other leaders in the house making their addresses. But what I myself said was nothing more, and purported to be nothing more than a statement on the international situation. As Prime Minister, if I have any statement of national policy to make I will not choose the end of the session to make it, but I will make it at the time of the session when it can be debated in the regular way, and when, in accordance with the rules, amendments can be made to any motion which may be based upon it.

Mr. WHITE: I realize fully what the Prime Minister has said. But at the same time, as Prime Minister of this country, when he visited England, and was in consultation with the most important men in the world to-day, he saw with his own eyes what was

going on. He was told, or must have been told, what we needed to do in this country. Surely, then, this parliament would have the right to expect, or would have the right to hear at the earliest possible moment, a review or report from the Prime Minister. If he chooses to wait, it is quite within his own power to do so.

Mr. MACKENZIE KING: I did not choose to wait, even for parliament to meet. I made a broadcast to the country within a week or ten days after I returned, and that broadcast has been distributed to all members of parliament, and pretty generally throughout the country. I went very fully into the matters I regarded as most important in connection with my visit overseas.

If the house expects to hear from me the confidential discussions which took place between the Prime Minister of England and myself, and between other British cabinet ministers and myself, or between myself and those who have to do with matters of military strategy, then I am afraid I shall have to disappoint hon. members in that regard, because I do not regard my conferences overseas as intended to serve any such purpose. Unfortunately I cannot make public what it is necessary to conceal from the enemy.

I should like to make perfectly clear that I have not had the opportunity since I came back to discuss with some of my colleagues to the extent I should like, some of the matters which were taken up overseas. The Minister of National Defence, as hon. members know, left for the old country almost immediately after the time I came back. I have not had the opportunity to discuss with him, nor have my colleagues, the results of some of his conferences on the other side. And until we have that opportunity I do not propose on behalf of the government to make any premature statement with respect to what further step we will take as a result of our conferences.

Mr. WHITE: Certainly I would not even suggest to the Prime Minister that he should discuss any of the confidential conferences which took place. But I do say that this house is entitled at least to a report and a true picture of the present situation overseas, and what is expected from Canada which, the Prime Minister says, is going to make a total war effort. Surely, then, the Prime Minister can tell us, after being over there, what is expected, and how Canada is to make a total war effort.

Mr. MACKENZIE KING: I did not need to go overseas to tell that. I told the house that at the beginning of the session, and I have told it time and again in the speeches I have made. Everything I saw in England and heard in England, and everything said in conference in England confirmed what I had said were my convictions respecting the war, and as to Canada's part in the war, and above all caused me to feel an even greater pride in Canada's war effort than would have been possible if I had not been over there.

Mr. WHITE: Would the Prime Minister care to say if in his opinion to-day Canada is making a total war effort?

Mr. MACKENZIE KING: I say Canada is making a magnificent effort, and that everything considered, compared with the effort of any other country it will compare favourably. I will say to my hon. friend, when he speaks of total war effort, that I do not mean that the war effort of Canada is to be only in one direction—and that in the direction that is going to cause, in the matter of public discussion in this country, the most by way of embarrassment.

Mr. WHITE: The Prime Minister apparently refers to the question of man-power. We heard the other day from the Minister of National Defence that the matter of man-power was most urgent and important. He admitted that we were not obtaining to-day, on the voluntary system of enlistment, the required number of recruits. He also admitted that the government quotas were not being obtained. I am informed that in some military districts the number of discharges on some days exceeds the number of enlistments. Perhaps when the minister is in his seat again he will tell us if that information is correct.

No doubt voluntary enlistment has produced many men, but in my opinion this form of enlistment is not sufficient. I have said before in this house, and I repeat, that selective compulsory military training is the only method that will meet the present emergency. At times in this house and out of the house and in the newspapers we hear and see the phrase, "equality of service and sacrifice." Is there any member of this house who will differ with me when I say that the only people of Canada who are making a sacrifice to-day are the men who are serving the empire for $1.30 a day? Do hon. members believe that the young men who stay at home and are in receipt of increased wages, who have the best of meals and all the comforts of civilized life, are making the same sacrifice as the boys in the armed forces? I repeat that the only men who are making a sacrifice to-day are those who are getting $1.30 a day. Yet this government

passed regulations providing for a cost of living bonus to be paid to many thousands of Canadian citizens.

It is true that the Minister of Finance (Mr. Ilsley) stated a few days ago that the question of increased allowances for soldiers' dependents was being considered, but these allowances apply only to three dependents—the wife and two children. These allowances were set, probably on some proper scale, in August and September of 1939, but according to the figures of the government the cost of living has increased by some 14 to 15 per cent. In the important essentials of life I think everyone will agree that the increase has been more than that, probably between 20 and 25 per cent. Surely a country that can raise billions of dollars for war can provide proper allowances for soldiers' dependents. In the *Globe and Mail* of to-day appears a report of an interview between a number of ladies and the Minister of Finance. The minister is reported to have said:

> The man who enlists makes a sacrifice, and I am asking whether it is ever possible to make up in money the difference between the man who goes and the man who stays at home.

Later on the minister is reported to have asked:

> The question is, can the country pay it?

Surely the Minister of Finance does not question the ability of this country to provide properly for the dependents of our soldiers overseas. The adoption of some system of selective compulsory training would have the effect of placing every man and woman of Canada where he or she could serve best in a total war effort. Until such a method is adopted I submit that we are not making anything like a total war effort. The time for this is not to-morrow or next week or next session; it is right now. I sincerely hope that this house will not be permitted to adjourn without some announcement being made by the Prime Minister. I hope we shall be told how Canada is going to make a total war effort and how the necessary man-power will be secured.

Speaking a few days ago in this house, the Minister of National Defence (Mr. Ralston) said that the responsibility for obtaining men for the army rested upon the members of this house and the people whom they represented in the constituencies. I disagree with that statement. The responsibility for obtaining the necessary men rests upon the shoulders of the Minister of National Defence and upon the shoulders of the government which he represents.

The Minister of National War Services (Mr. Thorson) dealt in detail with certain regulations which had been passed by his department. He referred to the fact that a recruit could be examined by any doctor he wished, and he said also that there had been a large number of rejections. I should like to ask him if any further examination is made besides the first one, and whether or not any complaints have been made about this method. One hears various stories about the methods which have been adopted in some training centres to induce men to enlist for active service, often referred to as press-gang methods. As long as it is felt that there should be only voluntary enlistments, the method of inducing men to enlist which has been adopted in certain training centres should be stopped.

These are probably the most important regulations which have been passed in years, and yet they were passed by order in council. They affect several hundred thousand young men, and yet they were not considered of sufficient importance to be brought into this house for debate. The minister made it quite clear that there were no total exemptions. I should like to draw to his attention, as I have done before, the fact that many young farmers have been called up, in many cases only sons. The government have been urging increased production of bacon and other farm products, and yet in many cases they take away the only help left available to the farmer. Many farmers are reducing the number of cattle, sheep and hogs on their farms and cutting down in other production. Only ten days ago I was in a small country store in the township of Rawdon, one of the largest cheese-producing centres in eastern Ontario. I found seven farm sale bills. Upon inquiry I found that in every case the farmer was disposing of all his stock and assets because he could get no help. Some of these men had sons who have been called for service, while others had found that they could not compete with the prices paid for labour in the industrial centres.

I suggest to the Minister of National Services that he try to work out some scheme whereby young farmers and the only sons of farmers should be granted some form of exemption. If I understoood the minister correctly, he stated that such men could apply for exemption or an extension up to six months, and then at the end of that period a second exemption could be applied for but that that ended it. A farmer must plan ahead the same as anyone else. Many farmers have pointed out to me that if they are going to

lose their help next summer they want to know ahead of time in order that they may reduce their stock and make other necessary arrangements.

The CHAIRMAN: I would remind the hon. gentleman and the committee that the special rules established for this debate are that we should debate the statement of the minister which is at the moment before the committee. The statement now before the committee is that of the Minister of National Defence for Naval Services (Mr. Macdonald). It will be very difficult for the chair to carry out the instructions of the committee if hon. members do not cooperate and confine their remarks to the department whose affairs are now before the committee. In discussing the affairs of the Department of National War Services the hon. member is anticipating, because the statement of the minister of that department will come before the committee after it has finished with the Department of National Defence for Naval Services. I shall certainly try to be broad in my rulings, but I am afraid that the hon. gentleman is going beyond what is reasonable.

Mr. WHITE: I understood the Prime Minister to say that the Minister of National War Services was here in addition to the Minister of National Defence for Naval Services.

The CHAIRMAN: Yes; but the business before the committee now is the statement of the Minister of National Defence for Naval Services. After that we shall take up the affairs of the Department of National War Services.

Mr. HANSON (York-Sunbury): I want to ask one question.

Mr. WHITE: If I can have just a moment I will finish, and defer the further remarks I wish to make regarding matters which pertain to the Department of National War Services. I wish just to refer to the little blue pamphlet issued by the department in which there is a brief quotation which applies to the 11th of November; it is from the immortal poem of John McCrae:

> Take up our quarrel with the foe!
> To you from failing hands we throw
> The torch—be yours to hold it high!

This is Armistice day, and I would remind hon. members that those two words "to you" apply to every one of us. That is the challenge from the comrades who sleep in Flanders fields. I hope and trust that we shall not fail them.

[Mr. White.]

Mr. HANSON (York-Sunbury): I should like to ask the Minister of National Defence for Naval Services what is the position with respect to over-recruiting for the navy. Representations have been made to me that in the city of Halifax alone are 2,000 recruits who have not been called for duty; they have been termed by some people—not by me—"the penguins"; they sit and wait. Perhaps the minister has heard that term. It is evident, I think, from the information which comes to hand that there has been over-recruiting for the navy having regard to the facilities available for their training and to their usefulness on the seas. What is the position with respect to the whole situation, not only that in the city of Halifax, which I assume is the centre of the greatest naval activities, but elsewhere in Canada?

Hon. A. L. MACDONALD (Minister of National Defence for Naval Services): A distinction, I think, must be made between the number of men who apply to serve in the navy and the number of those who are actually enrolled. When I said the other day that there were 4,000 men on the waiting list, I meant men who had not yet joined the navy but who had expressed willingness to join and whose applications to that effect were on file in the department. So far as I know at this time, there is no such condition as my hon. friend has heard of, in the city of Halifax or elsewhere. There are no 2,000 men there who should be at sea and who are not at sea. My hon. friend the leader of the opposition and my hon. friend the member for Yale will understand what is the situation. A very considerable number of men is required at bases established on shore—a number at least equal to the number afloat; and in Halifax, Esquimalt and other cities we have a considerable number of men ashore, but that by no means implies that they are doing nothing, that their time is wasted. I shall be glad to look further into the matter, but at this time, so far as I know, there are no such conditions as those to which my hon. friend referred.

Mr. STIRLING: I did not quite follow the minister's answer, because it seems to me to imply that there are none waiting to get into the service—

Mr. MACDONALD (Kingston City): Oh, yes.

Mr. STIRLING: —but there are those in the service now who are being employed on shore.

Mr. MACDONALD (Kingston City): No. It is the reverse. There are, as I said the other day, 4,000 waiting to get into the service.

They are as yet in civilian life, but their applications are on file, and I assume that most of them would be available if called upon. They are those who have written in at one time or another expressing a desire to join the navy. That is the waiting list.

As to the men on shore, of course there are men on shore—there always will be—for the navy, a number at least equal to the number at sea. Reinforcements are needed, and the depots must be kept up. But to say that there are 2,000 in Halifax who are more or less wasting time, idling, is to say what is not so. There are a number in training there. Some of them will go to sea shortly. But I know of no case where time is being wasted and men are merely loafing.

Mr. STIRLING: Then, what will the policy be with regard to these youngsters who for several years past have had their eye on sea service, and are anxious to enter that service when they attain the proper age? Will they be given any sort of preferred consideration, or will they have to wait until this two, three, or four thousand waiting list has been disposed of?

Mr. MACDONALD (Kingston City): The class to which my hon. friend refers is a very desirable class for the navy. It is known that those young men who have been training as boys in such organizations as the sea cadets are able to take their places in the navy with less training than men who have had no such experience. I should say that those who belonged to the sea cadet corps in one part of the country or another have an excellent chance of getting into the navy. They are all young and keen, and their services can be put to use more quickly on account of their training.

When I gave the figure of 4,000, my hon. friend will understand, of course, that some of those are probably unfit; some may be a little over-age, but that is the number of applications on file in the department.

Mr. GRAYDON: Would the minister indicate in a general way how many are being taken on per month in the navy?

Mr. MACDONALD (Kingston City): In the last year the number has run at the rate of something over 1,000 per month. It varies from month to month, but that is about the average since November last.

Mr. MUTCH: To go back to the question of these chaps who have expressed their desire to enlist in the navy; in the district which I represent there is a considerable number, included in that 4,000, who want to join the navy, and it has been necessary to tell them, and they have been told, that for some months at least there is no prospect of their being able to get in on the quota for that particular station. Is it a matter of policy to encourage those young men who are among the more desirable to become recruits in another branch of the service, and not to wait until next April or whenever they are likely to be called upon to join the naval services?

Mr. MACDONALD (Kingston City): It would be asking a great deal of me to ask that I should urge the most desirable class of recruits to join other branches of the service. I have not done that. I do not know whether the Minister of National Defence, or the Minister of National Defence for Air has endeavoured to attract these men. I have no doubt men have joined other services because they are afraid it would be too long before they could get into the navy.

Mr. STIRLING: May I take it that the men on the waiting list whose applications have been received are awaiting entry into the Royal Canadian Naval Volunteer Reserve.

Mr. MACDONALD (Kingston City): That is the great feeding ground for the navy now. It is difficult to say exactly what the percentage is, but by far the overwhelming majority of those who come into the navy come in through the volunteer reserve divisions. They are really now the back-bone of the recruiting system.

Mr. STIRLING: That being the situation, there may be a different category. There is the old category of boys attaining a certain age and entering the Royal Canadian Navy itself, not via the volunteer reserve. Is that so?

Mr. MACDONALD (Kingston City): Is there such a category now?

Mr. STIRLING: Yes.

Mr. MACDONALD (Kingston City): They are not taking boys into the Royal Canadian Navy now.

Mr. LOCKHART: What is the minimum age at which they will be accepted?

Mr. MACDONALD (Kingston City): Eighteen.

Mr. LOCKHART: Following on the suggestion of the minister about the preferment that might be given sea cadets who had training, boys who had received training for three or four years in sea cadet corps, are these young men, as they become eighteen, given

preferment over those who have had no training and no inclination for such training up to the present time, or must they take their place definitely with the others?

Mr. MACDONALD (Kingston City): That is a difficult question. I should say that in recruiting, if there were twenty-five candidates before a recruiting officer, five of whom he knew to be excellent material, he would take those five first if he could. That is almost inevitably the course that would be followed.

Mr. LOCKHART: That is the policy outlined by the department?

Mr. MACDONALD (Kingston City): No, it is not outlined. No policy has been outlined of giving preferment to anyone, but recruiting officers take the best men available.

Mr. LOCKHART: I do not wish to pursue this point very far, but in my district there is an active sea cadet corps and we have young men who have grown up in that sort of work. We have had one of the greatest developments there in the past few months, thanks to one of the service clubs and other public-spirited citizens. We have a great many groups of young men who have been in training for three, four and five years. There seems to be a feeling that they have to mark time and take their place with the others just as if they had never had the advantage of this training. That is the point I want to have definitely cleared up, so that these young men will feel that their training is not lost, and that they will not have to take the usual place in line with those who desire to enlist in the Royal Canadian Navy. I am anxious to have that point cleared up. Will the minister indicate whether these boys will have preferment, having attained the age of eighteen, if they wish to offer their services? Are they not given some preferment as a matter of policy?

Mr. MACDONALD (Kingston City): It is not a matter of policy in the department to give preferment to anyone, but I put this to my hon. friend. If he were recruiting and he had the opportunity to take twenty men of the type he has been describing or twenty men who were absolutely green, he would undoubtedly take the twenty who had training. I presume the naval recruiting officers will do the same. These men can be made ready for the sea more quickly than the others, and there are some things that they know already; consequently it is desirable to take them, and that is the practice. But it would be a great mistake for the department to order that a certain class or group should be given priority or preferment as a matter of right. That would be a mistake and it has not been done, though in practice I have no doubt that what my hon. friend says does happen. He will understand, of course, that recruiting for the Canadian navy is now done chiefly through these volunteer reserve divisions which are in eighteen different parts of Canada. If a sea cadet corps is not near a division, the boys may have a little problem in that way. If the sea cadet corps the hon. member has in mind is not so situated, there may be some difficulty on that account. The boys have to go to the nearest volunteer reserve division to enlist, and that might put them to some inconvenience. But we cannot undertake at this time to establish any more volunteer reserve divisions because we are short of the trained officers to command them.

Mr. BROOKS: I quite agree with the minister that he can hardly give preference to sea cadets. I know from my own experience that in the maritime provinces there are a great many young men who have spent their whole lives on the sea. While they have not had an opportunity of training as sea cadets, they have had very practical training on the sea, and these men do wish to get into the navy. Unfortunately, in recruiting, we have had to turn them down recently, and it has been a great disappointment to men on the southern coast of New Brunswick and along the Northumberland straits, as well as in other parts where they have followed the sea all their lives. The men in our part of Canada seem to have a great desire to enlist in the navy, and it is unfortunate that we cannot take more men of that type. They prefer it to the infantry, the air force or other services.

Will the minister answer a question with regard to the Royal Naval college? He mentioned the other day that the college would be opened in the fall of 1942. I should like him to explain the method of selecting students for this college, the age, and whether they will be selected proportionately throughout Canada —I mean whether there will be a quota for each province the same as for the Royal Military college at Kingston. He might also tell us the number they propose to train at the college when it opens in the fall of 1942.

Mr. MACDONALD (Kingston City): I am glad to give that information. For the naval college the number of students will be 100. The method of selection will be somewhat the same as in the Royal Military college, namely, by provinces. As far as possible we shall try to give cadetships in proportion to the number from the particular province who apply. That seems to be the fairest way of doing it. As regards the other conditions of entry, educational qualifications and so on, broadly speaking, the boy must have junior

matriculation at least. There will be one-year courses for the older boys and two years for the younger. The prospectus will be issued shortly setting forth all these details.

Mr. POTTIER: In connection with the preferment mentioned by the hon. member, I never agreed with the policy of trying to get a large number of men in the navy or naval forces who are inland men and have never seen a tide or high or low water. If preference is given to those men simply because they are in thickly-populated centres where they can form into groups, whether of sea cadets or otherwise, thus setting back men who have lived all their lives by the sea and know the things peculiar to the sea, it would be doing a great injustice. I have always thought there should be more facilities for taking advantage of the experience of young men who have lived all their lives on the seashore. There are some things that they do not have to learn. It is a misfortune that we have not some organization which would enable groups of such men even in small centres to be trained in the same way that they are trained in central Canada. We are not making the best use of the valuable material available on our coasts. I do not want to discourage enlistment in the army, but we have men in the army who have lived all their lives by the sea, and it is a pity some system is not worked out to make the best use of their experience.

Mr. LOCKHART: I just want this clarified. The impression is abroad among these young men that they just had to take their course and they had some preference. I rather agree that young men living by the sea are good material for the naval services.

Mr. GREEN: Apparently Canada will soon be faced with the necessity of recruiting several thousand men for the merchant marine because a hundred cargo ships are to be completed next year. What plans have been made for recruiting these merchant seamen and what training will be given them, also what rates of pay, and will they be eligible for pension? I do not think it is possible to raise this number of men in a hurry; plans will have to be made quite a while before the men are called for. There should be something under way now in that connection.

Mr. MACDONALD (Kingston City): That is a question which perhaps my hon. friend should direct to the acting Minister of Transport. I think the minister made some reference to that point the other night and indicated that a manning station is to be established where merchant seamen would be trained. The Department of Naval Services is not directly concerned with that problem, but has on many occasions discussed it with the Department of Transport and volunteered to do anything asked by way of assisting in or supervising the training, in gunnery, for example, and that sort of thing, of these merchant seamen. That is purely voluntary on our part.

Mr. GREEN: I asked the Minister of Munitions and Supply last night, and he said it was a matter for the Minister of Transport and the Minister of National Defence for Naval Services. Surely some one should know something about this policy. On page 4093 of *Hansard* the Minister of National Defence for Naval Affairs is reported as saying:

> The protection of merchant shipping is one of our tasks, but the provision of merchant ships and of merchant seamen is in other hands. The Canadian naval staff, however, have taken a deep interest in the training and supply of merchant seamen and have cooperated with the Department of Transport in the provision of manning pools in this country, where merchant seamen may register and remain while awaiting employment on a merchant ship.

Surely someone in the ministry can give more information about these plans, if there are any. It may be that it is still just talk.

Mr. MACDONALD (Kingston City): The statement read by my hon. friend bears out what I said to-day. We are to protect merchant shipping by escort vessels, yes, but we are not charged with the duty of providing seamen or ships. I did go on to say that we have taken an interest in the matter through some of our officers. We have cooperated with the Department of Transport in establishing manning pools and drawing up schemes for the training of merchant seamen, but that, as I say, is a purely voluntary effort on our part. My department has nothing to do with providing merchant seamen, that is for the Department of Transport. I think the remarks of the acting Minister of Transport last night cleared up the question the hon. member has in mind.

Mr. GREEN: The Minister of Munitions and Supply said, as reported on page 4223 of *Hansard*:

> The Department of Transport has taken in hand the task of training crews for merchant ships. Manning pools have been established at Halifax and Montreal and are now in operation. Training schools are also being built in connection with these manning pools. It is the intention to pursue an intensive programme of enlisting and training candidates for the merchant marine.

It may be that is as far as the matter has gone. But the committee should be told whether that is the situation, or if the plans have been developed further we should know.

For example, are young men to be recruited for the merchant marine, or will they be older men not eligible for the navy or the other fighting forces? Must they be in A category, and will arrangements be made to protect their wives and children? All these details should be given at as early a date as possible so that right across the country men who are interested in the merchant marine may be able to make plans to enlist; otherwise we may find ourselves with a lot of ships and no one to man them.

Mr. HOWE: The manning pool is something more than my hon. friend suggests, merely a place for seamen to register. It is a place where seamen can really sign on for service and go on pay. A ship discharges a crew on this side. These men can immediately go to the manning pool, be provided with housing, if they stay in port, and remain on pay until such time as they are assigned to another ship. Similarly any Canadian can register at the manning pool. If he requires training; if he is not up to the standard required for merchant ships, there is a school which will give him that training, and of course throughout the period he is on pay.

As acting minister I have not the intimate knowledge of the situation that perhaps I should have, but I shall be very glad to consult with my deputy and give my hon. friend any further information that may be available. We have an organization in charge of exceptionally well qualified men, and we believe that the manning pools and the schools for merchant seamen will make a real contribution.

Mr. GREEN: I suggest that these manning pools should be opened in other parts of the country. Apparently at the present time there is one in Montreal and one in Halifax. I think there should be one or perhaps two on the west coast.

Mr. HOWE: I believe that is contemplated.

Mr. GREEN: It may be that there should also be manning pools at the great lakes ports. How many men make up the crew of one of these 10,000-ton merchant ships?

Mr. HOWE: When I was in charge of the Department of Transport I was well versed in these matters, but since I have been devoting my attention to the Department of Munitions and Supply I have forgotten many of the details. I would not attempt to give information of that sort, which might not be reliable. I will, however, obtain a memo on the whole subject and be prepared to give the information later in the session.

Mr. HANSON (York-Sunbury): What provision is being made for the training of navigating officers? I think the minister will find a great dearth of these men.

Mr. HOWE: I should think the school would certainly give instruction of that kind, leading to officer's papers; but, as I say, I should prefer not to go into detail with regard to these schools until I find out more about them.

Mr. GREEN: Then I should like to ask the navy minister a question having to do with rates of pay of men in the navy. My understanding is that men in the navy receive less pay than men in the other fighting forces. That understanding may be incorrect, but if it is correct perhaps the minister will tell us why that should be the situation.

Mr. MACDONALD (Kingston City): No, that is not correct, to answer the question generally. There is some difference, which has existed for a long time, between certain ranks in the navy and corresponding ranks in the army, but to say that generally men in the navy are paid less than the others is not correct. One may be able to take one rank in the navy and find some difference when one compares it with the corresponding rank in the army or air force, but as a general rule the pay runs about the same.

Mr. GREEN: Will the minister mention the ranks in which there is a difference? I understand, for instance, that there is a difference between the pay of a lieutenant in the army and the pay of a naval officer holding equivalent rank, and it may be the same as between non-commissioned officers in the army and petty officers in the navy. Is there any reason for this situation? Are we simply following an old British custom instead of paying men on a Canadian basis? If so, it does not seem the fair thing to do.

Mr. MACDONALD (Kingston City): I think this question was discussed in the house at considerable length last session. At that time I stated that when it is said that a man in the navy is paid so much a day, it must be remembered that in many instances there is some extra pay. There is hard-lying money, and there are various other extras which the men in the navy may receive. Until recently sublieutenants in the navy were receiving less than lieutenants in the army, which would be the corresponding rank. That situation has been rectified, however, within recent months, so that now a sublieutenant in the navy receives the same pay as a lieutenant in the army. I cannot undertake, at the moment, to give my hon. friend a

comparison between all ranks in the three services. I have that information, but it is not here. I can get it and table it to-morrow.

Mr. GREEN: Is there any reason why they should not be all on the same basis?

Mr. MACDONALD (Kingston City): There is the one reason which I just mentioned, namely, that in the navy there are little odds and ends that are sometimes tacked on to a man's pay, or even an officer's pay, which may make the total emolument equal to that received by a man in the army or the air force. It is true that if one considers the basic pay, $4 or $5 a day, he may think there is a difference; but when one works it out, he finds that it is pretty generally the same. I admit that there are some differences. Some men in the navy get a little more than those holding corresponding ranks in the army, while some get a little less.

Mr. GREEN: I raised the question because I know there has been a certain amount of discontent by reason of that fact, and I think the situation should be rectified as far as possible.

Mr. MACDONALD (Kingston City): The whole question is being inquired into now by an interservice committee on pay. I agree with my hon. friend that perhaps some of these extras which are allowed in one way or another should be dispensed with and that there should be a uniform rate of pay for similar ranks in all three services. As I say, that question is being studied by a committee. In the meantime I have tried to rectify some cases in the navy where I thought increases were justified, and the case of the sublieutenant was one of these.

Mr. BROOKS: We were pleased to hear of the expansion of the navy, as outlined by the minister the other day. I think at that time he said the personnel had been increased to 27,000 officers and men. We know that increase has been brought about over a very short period of time, and I should like to ask how the navy has been able to train officers to take charge of so many vessels and such a large number of men, whether we have been able to do it all here in Canada or whether we have had to bring in officers from elsewhere. In the army we know there were a great many militia units with trained officers, so that it was easy to expand the army; but for the navy to expand so quickly and still have competent officers seems to me to be something phenomenal, as the minister has said, unless some of these officers were brought from somewhere outside Canada, because we had so little in the way of training facilities in this dominion.

Mr. MACDONALD (Kingston City): Of course for the last fifteen or seventeen years we did have a naval militia, the volunteer naval reserve, which in a sense would correspond with the army militia. They trained at certain times, and they were of great value when war came and the demand for officers and petty officers became so pressing. Apart from that, and other Canadian sources, we have not relied on any other quarter for our officers and petty officers. I think within the last year we may have had from England one or two officers with very special training of one kind or another; I do not think there were more than perhaps two. The rest have come from our own ranks. While it has been difficult to train officers and petty officers of that kind, it must be remembered that these men who are now undertaking training receive, in perhaps one year, the training which in peace time would require three or four years. They gain by experience which, in peace time, would require years and years to acquire.

We try to break them in with experienced officers. There is splendid material in the Royal Canadian Naval Reserve, which includes those men who have come up from the merchant shipping lines. These are men who are skilled at sea. The same problem is being faced in the old country. They have expanded their navy, and they have had to hurry up their training as best they could, and entrust young men with heavy responsibilities. But there is no other way it can be done.

Mr. BROOKS: Will the naval college be located in the east, the west, or the middle?

Mr. GREEN: Possibly up at Churchill.

Mr. MACDONALD (Kingston City): It is almost certain that the college will be located in the west. That is the opinion of the experts who have studied the question. Climatic conditions out there, the possibility of doing sea work at all times of the year, make the west more desirable in their opinion.

Mr. BROOKS: We do not want fair-weather sailors; we want men who can take it.

Mr. MACDONALD (Kingston City): In the opinion of the naval officers it is easier to train men at the west coast in the winter months. It is colder in the east, and that fact offers some difficulty when men are asked to get out in open boats to do boat work in December, January and February. The weather is more favourable on the Pacific coast. For these reasons we believe better training can be given on the west coast during the college term.

Mr. GREEN: About a year ago the government announced that it was planning to build destroyers and light cruisers in Canada. The other day the minister said we were about to

begin the construction of destroyers. Has the plan for building light cruisers been given up, or are we to build them eventually?

Mr. MACDONALD (Kingston City): I do not believe I ever made any announcement about light cruisers. Certainly they will not be built in the immediate future. At the moment there is no plan to build such craft in this country. The plans for building destroyers are well in hand, and we hope to begin that work very soon. This time it will be done on the east coast, at Halifax.

The CHAIRMAN: Do I understand that this concludes the debate on the statement by the Minister of National Defence for Naval Services?

Mr. HANSON (York-Sunbury): It concludes the questioning, unless someone else wishes to speak.

The CHAIRMAN: Then the Department of National War Services will be before the committee.

Mr. DIEFENBAKER: If I may have permission I should like to ask the Minister of Munitions and Supply (Mr. Howe) some questions which should have been asked earlier in the afternoon.

Mr. HOWE: I have no objection.

Mr. DIEFENBAKER: I refer particularly to the minister's remarks respecting aircraft production. At page 4082 of *Hansard* he is reported as having said:

> Our aircraft industry has manufactured in Canada and placed in service since the outbreak of war, or has assembled in Canada, 3,749 aircraft.

How many of those aircraft were actually manufactured in Canada? Then, has aircraft production in Canada met the expectations expressed by him to the committee in March and April last?

Mr. HOWE: I have not the break-down as between planes manufactured in Canada and those assembled here, but I shall obtain that information. As to expectations—yes, I believe all our plants are manufacturing pretty well to the output we anticipated. The programme has been changed to some extent in that there has been a definite move toward larger planes, and away from trainer and operational planes. Therefore the numbers may be out a bit. Certainly, however, from the point of view of man-hours and output I believe our programme is all we ever intended it to be.

Mr. DIEFENBAKER: How is the manufacture of parts proceeding, as far as elementary training planes are concerned? During the past summer the committee on national war expenditures visited the various elementary flying training schools in eastern Canada. Generally speaking, one of the chief complaints made by those operating the schools had to do with the failure on the part of the aircraft industry to supply the necessary parts. Almost without exception we were advised in the training schools that for periods of two or three months at a stretch often as many as 20 per cent of the number of planes allotted to a particular school could not be put into the air by reason of the failure of Federal Aircraft. It was criticized, in certain instances. Then there was mention of failure by some of the private manufacturers to supply parts.

Mr. POWER: Is my hon. friend talking about elementary schools?

Mr. DIEFENBAKER: Yes.

Mr. POWER: Federal Aircraft is not building anything for them.

Mr. DIEFENBAKER: I am wrong in that connection, as far as the elementary schools are concerned. The minister is right when he says that the parts do not come from them.

Mr. POWER: They are not for elementary schools, then?

Mr. DIEFENBAKER: That is correct; I should not have used the word "elementary". But, in so far as elementary schools are concerned, is it a fact to-day that planes are being kept on the ground on account of the failure of manufacturers to supply necessary parts or is that condition improving, and are the necessary parts being supplied as required?

Mr. HOWE: I believe any country which must take care of vast fleets of aeroplanes find a difficulty with respect to parts. The difficulty is not so much that of having the parts in the country as it is that of having the right part at the right place when it is needed. There are standard lists of parts made. When aircraft are produced, about 20 per cent are made of spare parts, and these are stored at strategic points to take care of overhauls. The difficulty is that there can be no certainty as to whether a spare list will be correct for a certain area. It may be correct for the whole of Canada, but it often happens—in fact it happens regularly—that in a certain area there may be a run on spare parts of a certain type. When that condition arises we, of course, turn in and make more spare parts.

The greatest difficulty has come from the British type of planes which we received early in the war, and for which we did not receive an adequate supply of spare parts. Due to shipping losses, and due more particu-

larly to the fact that it is only natural that one takes care of his own needs first, we have had difficulty in obtaining spare parts for those planes. The spare parts problem is just as acute in England as it is in Canada. We ordered very liberally of spare parts, and I think my colleague will agree with me when I say that the situation is better.

Mr. POWER: There are some parts that cannot be made in Canada.

Mr. HOWE: That is true. The British parts that cannot be made in Canada offer one great obstacle, but we are making certain British parts here to take care of some of the British planes that we have. We are gradually catching up with the situation. I may say that as long as we have the heavy overhaul programme that we have to-day there will be difficulty with spare parts. The problem in connection with spare engine parts is more difficult because the engines are not made in this country. But I do not think Federal Aircraft should be blamed. It is the British type of Anson that is giving us the trouble.

Mr. HANSON (York-Sunbury): I heard that the aeroplane industry is progressing so rapidly in a scientific way that aeroplanes which were considered modern a year ago are obsolete to-day.

Mr. POWER: That would apply largely to fighters, but not to trainers.

Mr. HANSON (York-Sunbury): It does not apply to the class of aeroplane that we have been making or assembling in Canada. I can appreciate that that might be so in view of what I heard in the old country. I was wondering how it would have affected our own production if we had set up factories to make a certain type of aeroplane and then found it to be obsolete in a short time.

Mr. HOWE: It all complicates the spare parts problem. We have four types of Anson aeroplanes, and each type requires certain spare parts. As one type goes out of production we must make ample provision for spare parts. The planes which were bought in the earlier stages now present an overhaul problem as, in some instances, spare parts have gone out of production. As I say, we have met this problem by organizing production in Canada

Mr. POWER: We have had to replace some of the older types of planes with a type which could be produced in Canada, even though they were more expensive.

Mr. DOUGLAS (Weyburn): Are we doing anything at all to get into the production of aeroplane engines?

Mr. HOWE: No.

Mr. DOUGLAS (Weyburn): It seems to me that that is likely to become a bottleneck in the future. If all engines are produced in Great Britain and the United States, I think it ultimately will become a problem. Has any research work been done, or have any investigations been made by the department with a view to getting into the production of aeroplane engines?

Mr. HOWE: That problem has been considered carefully. We inquired into the source of engines, both on this continent and in England, and an adequate supply was assured to us. It certainly would be more convenient if we could manufacture engines here, particularly in meeting the spare parts problem, but that cannot be done. Certain engines have become obsolete and we have a spare parts problem. The production of engines required by Canada would create a tremendous problem, and after a most exhaustive study it was decided that we had not the man-power or the machine-tool capacity to meet this problem in full.

Mr. HANSON (York-Sunbury): It is a tremendous problem in war time.

Mr. HOWE: Terrific. Australia manufactures aeroplane engines in a small way, but we should bear in mind that Australia has never undertaken the production of automobile and truck engines as we have. It would be most difficult to undertake an intricate task of that kind and do it well, and we thought we would be well advised to leave this field to those countries that are better organized to undertake it.

Mr. DOUGLAS (Weyburn): Australia is so far away from sources of supply that she is practically forced to manufacture her own engines.

Mr. HOWE: Yes.

Mr. DOUGLAS (Weyburn): The President of the United States has indicated that that country will have a production of 50,000 planes a year and they will take care of their own engine needs. After the war aviation in this country will certainly grow, and at some time or another Canada will have to get into the production of aeroplane engines. It is to be hoped that the government has some plan for the future production of our own aeroplane engines.

Mr. HOWE: We must realize that after the war there will be engine capacity beyond all dreams of possible use. The engine capacity that is being created is tremendous. My hon. friend refers to the aeroplane production that is being planned in the United States, but I would tell him that engine production is

being kept in step and our requirements are being considered in that programme. I think we may expect to have adequate supplies of engines during the war and a great glut of engine-making capacity after the war.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. STIRLING: Mr. Chairman, the minister may remember that some months ago I drew his attention to the fact that Canadian news in south Africa did not seem to compare, in volume at least, with news from the other dominions. There are in the mining sections of south Africa a very large number of Canadians, and they are disappointed at listening so continually through the British Broadcasting Corporation, with messages emanating from Daventry, to descriptions of the war effort of the other dominions, and wonder what Canada has been doing. I drew the minister's attention to the matter at the time, and he told me that he would see what could be done with regard to it. Is he in a position now to describe further broadcasts of purely Canadian news in the other dominions?

Hon. J. T. THORSON (Minister of National War Services): The subject of building a shortwave broadcasting station has been receiving careful consideration, but no decision in the matter has yet been arrived at. That will, perhaps, answer my hon. friend's question as to the point of broadcasting from this side.

Mr. STIRLING: Not entirely, because evidently the other dominions are able to make considerable use of Daventry; and I have always wondered why Canada should not place herself in the same position as, for instance, Australia and New Zealand with regard to news in south Africa.

Mr. THORSON: We have not taken any steps in the direction of broadcasting Canadian information from Daventry.

Mr. STIRLING: But is the minister not prepared to do so? If Australia can do so, and if New Zealand can do so, surely, for the benefit of our Canadians in south Africa, it would be desirable to give them information with regard to what Canada is doing. Otherwise, these Canadians believe that Canada is slipping behind.

Mr. THORSON: We have not done anything in that direction from the point of view of broadcasting. Of course, a number of copies of our other public information publications such as the one on Canada's war effort do go to south Africa. I would, however, be glad to give further consideration to the suggestion made by my hon friend.

Mr. STIRLING: To whom do these pamphlets go? As I have explained, these Canadians in south Africa are spread all over those very considerable areas where mining is the principal occupation; and it is inconceivable that these publications can be sent by post to such of those Canadians of whom the minister may be aware. Where they are in isolated situations—mining camps, mining towns and the like—it does tend rather to disgust them if they hear continuous descriptions of what other dominions are doing in this war effort, and they do not get their own Canadian news.

Mr. GREEN: Probably there is the same situation in other parts of the empire. Have any steps been taken so that Australia, New Zealand and India may have some information as to what Canada is doing in the war?

Mr. THORSON: The same method is in use. We do distribute to many portions of the globe leaflets giving particulars and facts relating to Canada's war effort, but we have not been broadcasting to the other dominions.

Mr. GREEN: Would it not be possible to make some arrangement with the British Broadcasting Corporation so that at times such information would be given by them?

Mr. THORSON: I replied to the hon. member for Yale that I would be glad to give further consideration to broadcasting from Daventry. If that is done, broadcasting can be arranged to all the dominions.

Mr. FRASER (Peterborough West): On this question, I should like to mention that African news comes over the German shortwave station, that is the 25-metre band, and we get it here quite plainly. They also have the 19, 20, 25, 31, 221 and 263 millimetre bands, over which they are broadcasting. Is anything being done in Canada to try to stop those shortwave broadcasts from coming here from Germany, because they do not say very nice things about Canada or the British empire?

Mr. HANSON (York-Sunbury): How can we stop them?

Mr. FRASER (Peterborough West): The British government have stopped the Germans from broadcasting into England from their Norwegian stations. Is there not some method

we can work out here, perhaps in conjunction with the United States government? This broadcast comes in during the morning from 10 to 10.30, and it is as clear as a bell; I am informed, in fact, that it is probably rebroadcast either in this country or in the United States.

Mr. THORSON: I am not aware that Great Britain has stopped shortwave broadcasting from Germany—

Mr. FRASER (Peterborough West): From the northern part of Norway.

Mr. THORSON: —or from northern occupied countries. I hardly see how she could do that. I do not know how we could stop shortwave broadcasting from Germany or from German-occupied countries to this continent.

Mr. FRASER (Peterborough West): That station in Norway broadcast for some months before the British stopped it, but they have now, I understand, two stations in England interfering on it to stop it.

Mr. THORSON: We have nothing of that sort in Canada.

Mr. FRASER (Peterborough West): That particular matter was brought up in the British House of Commons.

Mr. THORSON: We have nothing of that sort here.

Mr. L. A. MUTCH (Winnipeg South): On the subject of publicity generally, I should like to make a suggestion to the minister, and there are a couple of questions I wish to ask him.

The only way I know of to deal with information coming in such as we have been just discussing is to blot it out with a little broadcasting of our own. I am not particularly interested in the subject of shortwave radio broadcasting at the moment. I am interested in the dissemination of proper information about Canada's war effort, in Canada primarily, and then in the United States. It so happens that a large percentage of the Canadian people do not yet know, in spite of all that has been done, exactly what is going on; and certainly, if I may judge from the considerable numbers of United States citizens who pass through my own hands as recruits for the Canadian army, if one may assume that their knowledge is in any degree indicative of the general knowledge in the places from which they come, we are greatly mistaken if we imagine that much is known over there about our war effort.

I was encouraged by what the minister said the other day about the sending out of leaflets and pamphlets containing factual information, but even that is not, I think, equal to the sort of top-flight reporting to which the United States public is accustomed. There is no doubt that our well-wishers in the United States are hungry for information about what we are doing, for two purposes—the encouragement it gives them in combating sentiment which is not friendly to us, and the inspiration it provides to their own people. I doubt whether the average United States citizen, any more than most Canadians, goes in much for either reading or listening to speeches, no matter how effective they are.

I might except the fireside chats of the president, though competent radio statisticians tell us that even he, who has perhaps the second largest radio audience in the world, does not begin to reach everybody. The minister might well consider encouraging those responsible for the dissemination of knowledge of our war effort to throw away their typewriters, give their voices a rest and invest in more cameras. We are a lazy people, accustomed to getting a good deal of information through our eyes. There is hardly a decent publication on the American continent that would not use a good picture, particularly if it could get it for nothing. The newsreaders have become accustomed to it, and I should like to know whether the minister would consider a wider use of pictorial news, particularly on the other side of the line.

I want to say a word with respect to the present utilization of quotas, but someone else may want to say something with regard to publicity and I will let that stand for the moment.

Mr. L. PHILIPPE PICARD (Bellechasse): I do not intend to speak at any length or to analyse in detail the reports before the committee, one specific item relating to the question of publicity, about which my hon. friend has spoken, I should like to discuss, namely, the publicity given by the United States press to our war effort. I trust I may be permitted at this stage to make a few remarks on this subject.

On November 4 the hon. member for Parkdale (Mr. Bruce) spoke of "the importance of having Canada's war effort made more widely known in the United States than it is at the present time". Later on, in the course of the same day, the leader of the opposition (Mr. Hanson) asked for a "report on the work of the legation in Washington and what it had accomplished to counteract the sinister influence which has been depreciating Canada's war effort in the United States."

If I may be allowed to be personal, I may say that I made it my duty, after the summer sessions of the war expenditures committee, to visit the United States, mainly Washington and New York, in order to acquaint myself better with the development of the defence programme there as well as with the opinion of our neighbours concerning the situation facing the world at large, and the grave decisions that will have to be taken by them at some time or another in the future.

It is not my intention to burden the committee with a recital of the conclusions I have reached on many important and interesting topics as a result of that trip. I reserve for some other day any observations I may wish to make as to the workings of the United States form of government as compared with ours, as well as the democratic control of government by the duly chosen representatives of the people even in time of war. Such more or less academic questions may just as well be treated later on, coupled with a study of the workings of our new extra-governmental set-up in the Department of Munitions and Supply, the Bank of Canada and its ramifications, and the other control agencies created since the war. I feel, however, it is my duty, since this question has been raised concerning one of the points I investigated while in the United States, to give the committee my humble opinion on the matter.

As to the publicity given our war effort by the United States press, I will admit that the impression I had after a few days in New York was that it was inadequate because it did not seem to reach the man in the street. I was astonished at the little that was known concerning what we were doing. It appeared to me, from this more or less elementary survey, that Canada's war effort was not only not front-page news but did not seem to have that news value there which we might have expected it to have. I must say, however, in all justice, that I have since then received a statistical survey by an agency dealing especially in inquiries of that sort, that reports that the United States press in July and August contained more items than appeared previously with regard to Canada, and that in September the condition was a little better. There is, however, still a lack of knowledge on the part of the public at large with respect to our contribution to the present conflict. Apart from the European war, apart from the far east question, the important international news which we find in the United States newspapers generally has to do with south American republics. Our cousins of the other America who were never heard of in the United States press until a few years ago except when they overthrew a president are now front-page news, and Canada's main claim to fame for a large number of Americans is to have given its name to a ginger ale and supplied Madison Square Garden with hockey players.

[Mr. Picard.]

Apart from some well-intentioned but not always outstanding articles on the question by some visiting reporters; apart from some articles by the representative of the New York *Times* in Ottawa; and apart from some of the more or less distorted reports by the rewrite men on the editorial staff of *Time* magazine, the only items of note which we find are reproductions of the criticism of our war effort as contained in the Tory *Gazette* and the *Globe and Mail,* and I do not think this is calculated to keep the people of New York well informed. I might also venture to say that while I was in New York some sort of exhibition was given which did not contribute to a fair understanding of our position. I am bound to say that it was given by the premier of Ontario in the course of speeches and statements during his last trip there. It is comforting, however, to see that in many other cities than New York editorials and reports have appeared about conditions in Canada giving a better impression and a better view of what is being done.

I have before me a report from the Cincinnati *Inquirer* of July 19, which states:

> Every facet of the Canadian war effort is well planned and being well executed. Together, they constitute a splendid tribute to the courage, determination and ability of our friends across the border.

Later I came across an article that appeared in the Detroit *Free Press* in August, from which I quote:

> Compared with our own war effort, Canada's is highly creditable. Stories to the contrary may have sprung from a misinterpretation of criticisms of the Canadian government's conduct of the war by certain Canadian newspapers.

I hasten to say that the situation as I found it in Washington was far different from that in New York. There I found government officials, members of the senate and of the house of representatives, generally well informed on all our doings, and the credit for that should be given to our own Prime Minister (Mr. Mackenzie King), because the persons more directly responsible for this better appreciation of Canada in Washington are working under his personal guidance. The first is our minister to the United States, Hon. Leighton McCarthy. I wish to take this opportunity to reassure any whom I have myself heard criticizing this appointment on

the ground of the age of the appointee. I have seen our minister at work, and I wish to state that his keen mind, untiring energy and personal friendly connection of long standing with the president and many of his advisers, make him one of our most valuable assets and a contributing factor to a better understanding between our two countries. Also, while not overlooking the ability and usefulness of the staff of our legation, I wish to single out in connection with this matter of publicity the press attaché who was selected four or five months ago and sent to Washington. I thought until a few minutes ago that he was under the ministry of information; I am now aware that he is directly under the Department of External Affairs. I may not be an expert in the matter, but when I compare the situation in Washington with that in New York and even between the New York press recently and in a period prior to the appointment of Mr. Reading, I would say his appointment was more than timely and seems to be proving a good one. This courteous, mild-mannered and apparently unassuming man seems already to have accomplished a good deal; his methods appear to have had a happier result in Washington than the blatant noises of more aggressive men.

Perhaps a different but just as efficient type of man might be needed by the ministry of information to handle the New York press boys if such an appointment were contemplated by the Prime Minister when he spoke in the house of the best possible methods being adopted by the Canadian government to supplement the actual sources of Canadian news in the United States. I have confidence that the Prime Minister as well as the ministry of information will deal with the New York situation and will bring about there as good results as have been achieved in Washington. May I emphasize at this time what the Prime Minister said in answer to the hon. member for Parkdale. He said that there is no "better means of making Canada's war effort known in the United States and elsewhere than to have our own press give a full appreciation of it," because most of the newspapers in the United States "obtain their information with respect to Canada's war effort from what appears in our own press."

When the leader of the opposition worries about the "sinister influences which have been depreciating Canada's war effort in the United States," he has only to think of some of his own friends, particularly of the Montreal *Gazette* and the Toronto *Globe and Mail*, because any criticism of the Canadian war effort in the United States is not derived from opinion in the United States but is commented upon by that press as a result of the criticism seen in Canadian papers. Each outburst of unjustified criticism of the quality or extent of our participation is meat for the United States isolationists and their propagandists, and works ultimately against the interest of the British cause.

The same comment might apply to the harm done in this country by the unwarranted cries of the Tory press and Tory speakers concerning union government and other methods of carrying on the war. It appears evident that these apostles are not thereby so much helping the war effort of the country as furthering the political efforts of their party to blur the issues, alarm the country and divide the Liberals in order to gain power, or at least a share of it. I shall not at this moment discuss these questions because they are not so much in the public mind as the blatant noises of a few Tory newspapers and a boisterous minority would have us believe.

Mr. HOMUTH: The hon. member has learned his lesson in a good school.

Mr. PICARD: I am glad of the compliment; I take it as such. The people of Canada have given a mandate to the present government to drive the car, and the Conservatives are thumbing to hitch-hike—

Mr. HOMUTH: We do not want to hitch-hike, but we want some decent driving.

Mr. PICARD: They are not in the car and they already act like back-seat drivers.

The CHAIRMAN: Order. I would remind hon. gentlemen that when the Chairman stands, hon. gentlemen should sit down, and furthermore when the Chairman is addressing the committee, hon. gentlemen should have respect for the Chair, if not for the Chairman. That makes for orderly discussion. The hon. member for Bellechasse has the floor.

Mr. HOMUTH: Let him keep it on a higher plane.

Mr. PICARD: I must apologize to the Chair; I evidently have not learned well enough yet from "that good school".

The people knew well what they were doing when they selected the present government in an election held more than six months after the beginning of the war.

Mr. HOMUTH: Oh, oh.

The CHAIRMAN: I must ask the hon. member for Waterloo South to keep order.

Mr. HOMUTH: I bow to your ruling.

Mr. PICARD: The people of Canada remembered when they chose this government, what kind of drivers they had during the last war, and they did not want to have the same experience again. They knew in what condition that crew left Canada after governing from 1911 to 1921, wrecking the unity and harmony of the country by a false interpretation of the nature of our participation in the war. When the people of Canada realize what has already been accomplished and what is in process of execution in the way of training as well as production; when they grasp the facts contained in the clear and frank statements of the ministers charged more directly with the conduct of the war effort, they will know that Canada up to now has done more proportionately than any other country, except some of those in which the war has been waged actively.

It is imperative, however, that these facts be kept constantly before the public. The ministry of information has issued an illuminating booklet on the matter, but that is not enough; these facts should be repeated time and again so that our people may understand the magnitude of our accomplishment and derive from that the pride of duty well done. There is nothing for a Canadian to be ashamed of when a country with a population under 11,500,000 has already over 520,000 men under arms—

Mr. HOMUTH: Oh, now, wait. Mr. Chairman, might I ask the hon. member a question? I think he should divide that 520,000 up as to where they are and what they constitute; otherwise we get a false impression throughout the whole country.

Mr. PICARD: If my hon. friend will be patient, the division is coming in a moment. Of this number, 357,000 are enlisted for service overseas; 240,000 are in the active army, 90,000 are in the air force already blazing the skies with their exploits or in process of training, 27,000 are in the navy, convoying ships to Britain, patrolling our shores or getting ready to do so, and 170,000 are in our own territorial army manning the outposts of our home defences or training to play their part in the protection of their country.

Mr. HOMUTH: Even the Liberals laugh at that.

Mr. PICARD: There is nothing for a Canadian to be ashamed of when the industrial energy of his country has been geared in such a short time to make it one of the largest arsenals of the democracies, when its unending flow of munitions and war supplies is feeding the armies of our allies, when the products of its agriculture are feeding the British isles. There is nothing for a Canadian to be ashamed of when this country is waging war to the tune of $4,000,000 daily, when it has lent to Britain in recent months nearly $1,000,000,000—

Mr. WHITE: Mr. Chairman, I rise to a point of order. Just before the dinner recess the Chairman ruled that I must stop my speech and confine myself to asking questions. I ask what the hon. member is doing now? He is reading a speech right through.

Mr. PICARD: On the point of order I wish to remind my hon. friend that I have dealt first with the question of publicity under the ministry of information, and I am now dealing with the question of man-power, which is under the Department of National War Services, because it is they who call to arms the territorial army. It is all relevant. At any rate I shall have finished in a moment.

Canada, true to its historical traditions, is doing its duty towards itself, towards its allies, and towards the sacred cause of liberty and democracy. It is doing it under the guidance of a trusted government, elected in time of war, especially for the conduct of the war, and it will continue doing it despite the intrigues and the alarming cries of the Tories.

Mr. HANSON (York-Sunbury): Has the minister given attention to the questions which I directed to him during the course of his remarks, with respect to the medical examination of those called for training purposes, and the position with respect to the numbers examined?

Mr. THORSON: When I spoke the other day the leader of the opposition and some other hon. gentlemen asked me a number of questions, some of which were repeated to-day by the hon. member for Hastings-Peterborough. With regard to medical examinations, when a person receives notice that he is to be called up for training under the regulations he is notified to report for medical examination and may go to any doctor of his own choice. That is the first examination. That doctor is supposed to examine him in accordance with the standards that are set by the Department of National Defence.

Mr. HANSON (York-Sunbury): Have all doctors those regulations, and do they know the requirements?

Mr. THORSON: Yes.

Mr. HANSON (York-Sunbury): They are all informed?

Mr. THORSON: Yes; they also receive a detailed examination form which they are required to complete, which form is sent in to the divisional registrar's office. Then there is a medical adviser attached to each administrative division, who can check these forms and the findings of the examining physician. If he feels there is any doubt about the category in which the man has been placed, he can order the man to report to any other doctor whom he may name.

Mr. HANSON (York-Sunbury): I do not want to interrupt unduly, but the minister says this medical adviser can check the forms, can do this and can do that. Does he?

Mr. THORSON: Yes; all the forms are most carefully checked in the light of the answers given by the first examining physician. Then, if there is still doubt, the man can be sent to a revision board. These boards consist of three doctors, and we are setting them up in different parts of Canada. Then, when the man is turned over to the training centre, he is examined again, this time by a military medical board in that centre. Once the man is delivered to the training centre he ceases to come under the jurisdiction of my department and comes under the jurisdiction of the Department of National Defence.

Mr. HANSON (York-Sunbury): Would the minister give us some data, some figures, as to how many have been reexamined by other doctors, for instance, or by the board in each military district?

Mr. THORSON: I do not know that I could give the number of reexaminations.

Mr. HANSON (York-Sunbury): That is exactly what was asked.

Mr. THORSON: The prime concern thus far has been to find men in the required categories, and there has been no difficulty in doing that. Up to now there has not been any object in reexamining all the rejects.

Mr. HANSON (York-Sunbury): How many have been reexamined in each military district?

Mr. THORSON: Not a great many of the rejects have been reexamined.

Mr. HANSON (York-Sunbury): Naturally those who had been accepted would not be reexamined, except when they came to the training centres. No one but the rejects would be reexamined. Those who are accepted and automatically called up are examined at the training centre, as I understand it. I want to know how many of the rejects have been reexamined.

Mr. THORSON: Not many of the rejects have been reexamined. It is only when the examination by the original physician indicates that perhaps an error has been made in the category, or where there is any doubt as to the category, that the man can be asked to report to another doctor. A further check has been made along these lines. In some instances reports have come in that a number of men were being rejected in a certain area by a certain doctor. These reports have been checked, and I am happy to say that I do not recall any instance in which it was found that a doctor was deliberately rejecting men or giving false information in these returns.

Mr. CASTLEDEN: Could the minister give us information with regard to the men rejected, giving the percentage in each category, A, B and C?

Mr. THORSON: Yes, I have that.

Mrs. NIELSEN: Could the minister give that by provinces, instead of for the whole of Canada?

Mr. THORSON: It is given here by administrative divisions. I have quite a long table, showing the number of men examined by civilian physicians, with the number and percentage in each medical category, for the first nine military training periods, given by administrative divisions. With the consent of the committee I could place this table on *Hansard*.

Mr. HANSON (York-Sunbury): Is it very long?

Mr. THORSON: It is quite a lengthy tabulation.

Mr. HANSON (York-Sunbury): Before placing it on *Hansard*, would the minister tell the committee the gross number of men examined by the civilian doctors, the number placed in each class, and the number rejected in each class? I think the desire is to get the number rejected in each class, in the first instance, to see just how bad or how good is the health of these young men.

Mr. THORSON: Yes, I can give that. The total number of men examined for the first nine military training periods was 209,298. Of these, 116,800, or 55·9 per cent, were found to be in category A; 21,651, or 10·4 per cent, to be in category B-1; 8,265, or 3·9 per cent, in category B-2; 9,341, or 4·5 per cent, in category C-1; 11,575, or 5·6 per cent, in category C-2; 5,909, or 2·8 per cent, in category D, and 35,587, or 17 per cent, in category E.

Mr. HANSON (York-Sunbury): How many of those are unsuitable for military service? I do not know the technicalities well enough to know how many would be called.

Mr. THORSON: My understanding is that the only ones taken for military training are those in category A.

Mr. CASSELMAN: That is right.

Mr. THORSON: But I am not absolutely sure of that, because I have a recollection that some Bs and Cs were in the early months called for training. My recollection is—and I think I am correct—that at present we are taking only category A men for actual training. They constitute 55·9 per cent of those examined by the civilian doctors.

Mr. FRASER (Peterborough West): The table to which the minister has referred is made out in divisions A, B, C and so on?

Mr. THORSON: Yes.

Mr. FRASER (Peterborough West): Could the minister give the key in relation to military districts?

Mr. THORSON: They do not absolutely check, but I could give a key which would be helpful. The divisions are named by letters of the alphabet. Division A has its headquarters at London, Ontario, and division B has its headquarters at Toronto.

Mr. FRASER (Peterborough West): Would the minister give the information also according to military districts? Can he do that? If he has not that information, I have it upstairs in my office, and could let him have it.

Mr. THORSON: I could give the information respecting headquarters, and they check, roughly, although not exactly, with the military districts.

Mr. HANSON (York-Sunbury): What number is A?

Mr. THORSON: It is No. 1. Division B is Toronto, No. 2; C is Kingston. They do not check actually with the military districts, because division D has its headquarters at Port Arthur, and division E has its headquarters at Montreal. Division F is at Quebec, G at Halifax, A at Saint John, I at Charlottetown, J at Winnipeg, K at Vancouver, M at Regina and N at Edmonton. The complete table is as follows:

Statement of the Number of Men Examined by Civilian Physicians Showing the Number and Percentage Placed in Each Medical Category for the First Nine Military Training Periods

Admin. Div.	No. examined	Medical Categories															
		A	%	B1	%	B2	%	C1	%	C2	%	D	%	E	%	M.B.	%
A.....	14,161	8,633	61·0	1,352	9·6	388	2·7	481	3·4	596	4·2	185	1·3	2,453	17·3	73	0·5
B.....	25,128	16,449	65·5	2,833	11·3	740	2·9	879	3·5	941	3·7	382	1·5	2,904	11·5	..	...
C.....	14,287	8,542	59·8	1,451	10·2	528	3·7	550	3·8	609	4·3	282	1·9	2,322	16·3	3	...
D.....	2,750	1,801	65·5	270	9·8	61	2·2	106	3·9	102	3·7	31	1·1	379	13·8	..	...
E.....	49,688	22,309	44·9	5,596	11·3	2,727	5·5	2,980	6·0	4,216	8·5	1,697	3·4	10,066	20·3	97	0·2
F.....	29,562	11,737	39·7	3,440	11·6	2,007	6·7	2,060	7·0	2,213	7·5	919	3·1	7,186	24·3	..	...
G.....	7,778	4,442	57·1	528	6·8	153	2·0	196	2·5	823	10·6	28	0·3	1,608	20·7	..	...
H.....	9,127	5,506	60·3	743	8·1	225	2·4	257	2·7	241	2·6	501	5·8	1,654	18·1	..	...
I.....	1,391	995	71·5	100	7·2	27	2·0	28	2·0	37	2·7	15	1·0	189	13·6	..	...
J.....	12,179	8,246	67·7	1,207	9·9	353	2·9	371	3·0	367	3·0	222	1·8	1,413	11·6	..	...
K.....	15,279	9,684	63·4	1,585	10·4	455	3·0	516	3·4	528	3·4	232	1·5	2,279	14·9	..	...
M.....	13,844	9,364	67·5	1,381	9·9	352	2·4	535	3·8	432	3·0	336	2·4	1,444	11·0	..	...
N.....	14,124	9,092	64·4	1,165	8·2	249	1·8	382	2·7	470	3·3	1,079	7·7	1,687	11·9	..	...
Totals....	209,298	116,800	55·9	21,651	10·4	8,265	3·9	9,341	4·5	11,575	5·6	5,909	2·8	35,584	17·0	173	0·09

Mr. GREEN: As the minister has stated, it is alarming to think that there should be such a large percentage of young men unfit for service. He went on to point out that plans were in contemplation for conditioning some of these young men who had been rejected. He should tell the committee just how far those plans have gone. For instance, are the men who have been rejected eligible for treatment in hospitals of the Department of Pensions and National Health?

Mr. THORSON: No.

Mr. GREEN: May they go in there and have operations which will enable them to qualify for the forces?

Mr. THORSON: No, not yet.

Mr. GREEN: What steps have been taken. It seems to me it is of vital importance to the nation that no steps should be spared which would enable those young men to qualify for the forces. It is not good enough to sit back, wring our hands and say that there is a heavy percentage who cannot qualify, and that we can do nothing about it. The health of many of those young men can be improved, and such improvement would be greatly to the benefit not only of the forces but also of the young men and their families, and of the nation at large. I would ask the minister to give a more detailed explanation of what the government has in mind in this connection.

Mr. THORSON: I quite agree with the hon. member for Vancouver South. The plans are just being formulated. I indicated that an interdepartmental committee was being set up, consisting of representatives of the Department of National Defence, the Department of Pensions and National Health, and the Department of National War Services.

With regard to the other question raised by the hon. member, these persons are not as yet entitled to any hospitalization or treatment. As he will appreciate, these men are still civilians who have not been turned over to the Department of National Defence. Therefore they are not yet soldiers. I assure my hon. friend that every effort will be made to study with the greatest possible care the plans necessary for the reconditioning of these men. I believe we shall be able to recondition quite a number, because a number of persons may be thrown into a category lower than that desirable for training, on account of some minor imperfection which could be remedied with comparatively little treatment. As is well known, the requirements for category A are quite severe.

[Mr. Thorson.]

Mr. DOUGLAS (Weyburn): When the minister is formulating his plans, would it be possible to include not only the men who come under the war service regulations but also the men who, although they do not come within the regulations, would be anxious to join the active service forces. I know a number of young men who have tried to join active service units, but who have been rejected as category E. For instance, some may require operations for hernia. In some instances the parents have been able to pay for operations, and the young men affected have gone overseas. In other instances young men in the same district remain in category E because they could not afford those operations. They may not come within the large group who would receive the reconditioning services outlined by the minister, but I believe they would have a claim to such reconditioning, even more than the men called under the regulations. When the minister is formulating his plans, could this point not be kept in mind?

Mr. THORSON: Is my hon. friend thinking of persons who have applied for enlistment but have been rejected?

Mr. DOUGLAS (Weyburn): Yes.

Mr. THORSON: We would be glad to give consideration to that suggestion.

Mr. DOUGLAS (Weyburn): I know there are a large number.

Mr. POULIOT: Mr. Chairman, I have a soft spot for the minister, because he has to take charge of all the matters his colleagues try to get rid of. That is a very hard problem for him, and I take this opportunity to pay him a well-deserved tribute by saying that he is equal to the occasion, and by pointing out that he is assisted in his work by two excellent deputy ministers, Mr. Justice Davis and Major-General LaFleche.

Very often young men try to enlist when they are unfit. They may be passed as class A by the local board and by the army medical board in the district. I see many people in my constituency, and I took the trouble to question some of these boys who had been placed in category A. To my great surprise I learned that men who had been placed in category A by two boards were suffering from such disabilities as ruptures, internal goitres and chronic appendicitis. This matter was referred to the board which found that these men should be in category E on account of disabilities which they possessed when they had their first examination.

This shows two things. First, it shows that many French-Canadians are willing to enlist even though they are not physically fit and, second, it shows that the doctors are not always as careful as they should be. Apparently the local board relies upon the army board, while the army board thinks the local doctors, who know the family history from the medical point of view, are well informed. The result is that no one pays any real attention, each relying upon the other. There has been considerable improvement in this connection and now more care is paid to the examination. I do not see why the dominion government should waste money in training soldiers who are physically unfit. We all regret that such a large proportion of our soldiers are below standard as far as health is concerned and it is to be hoped that there will be an improvement in the near future.

I have only one question to ask the minister. There is one thing upon which I should like to congratulate him, something that I mentioned yesterday afternoon. I refer to the regulation passed by his department providing that those engaged in agriculture and the operations of railways shall be considered as being in seasonal occupations. Many of us know the necessary work that is being done by these workers, and I am glad to note that in an amendment dated October 4 of this year these occupations are listed as seasonal and essential. This should have been done in the original regulation, but the correction has been rightly and aptly made by the minister.

According to subsection 1 of article 14, as redrafted, it is provided that no postponement order may be made for more than six months, but upon reviewing the occupation the board may grant one or more extensions, provided that the board may cancel the order at any time for military reasons or for cause. If it is established to the satisfaction of the commission that a man is serving the state by doing agricultural work or working as a railroad man, will a postponement be granted for a further six months, at which time he can report to the commission or to the registrar? Also, if the conditions are not changed at the end of six months, is a renewal of the postponement order authorized by the new regulations?

Mr. THORSON: I think the regulations are quite clear in that regard. My answer will be in reply to the question asked by the hon. member for Témiscouata (Mr. Pouliot) and the hon. member for Hastings-Peterborough (Mr. White). No postponement can be for longer than six months, but when that six months period is over, another postponement may be granted. The jurisdiction of the board is not confined to the second postponement; the board may grant one or more extensions of the original postponement, but each postponement must be for a period of not longer than six months. In each case the board looks at the application from the point of view of the national interest and deals with each case upon its merits. It has complete jurisdiction in granting or refusing an application for a postponement order.

Mr. McGREGOR: Will the minister place upon the record the number of postponements granted in the different divisions?

Mr. THORSON: I can do that, although it is quite a lengthy table.

Summary of the Number of Postponements Requested as Against the Number Granted, with Percentage, for the First Nine Military Training Periods

M.T. periods	Seasonal employees: Farming		Lumbering		Trapping		Fishing		Others		Wartime industries		Other ind. than wartime		All other reasons	
	Req.	Gr'd	Req.	Gr'd	Req.	Gr'd	Req.	Gr'd	Req.	Gr'd	Req.	Gr'd	Req.	Gr'd	Req.	Gr'd
1.....	338	334	52	52	...	...	1	1	57	55	110	63	67	67	95	89
2.....	6,420	2,293	772	724	30	29	148	144	684	615	2,059	1,741	3,096	2,193	1,947	1,779
3.....	5,040	1,728	1,626	1,373	9	9	72	72	562	455	1,328	942	153	126	1,065	1,006
4.....	1,321	1,134	238	88	4	4	44	32	941	408	310	230	41	32	1,780	1,429
5.....	1,255	1,023	25	19	25	4	29	20	309	255	232	155	57	44	555	456
6.....	1,161	1,008	22	20	22	1	41	39	385	321	298	231	57	30	454	301
7.....	822	710	26	22	...	...	37	33	275	212	321	267	60	34	541	399
8.....	1,210	1,139	31	20	...	...	53	41	449	362	400	75	68	25	577	444
9.....	1,619	971	61	46	632	332	24	19	74	70	228	210	68	32	628	449
Totals....	19,186	10,340	2,853	2,364	722	379	449	401	3,736	2,753	5,286	3,914	3,667	2,583	7,642	6,352
Percentage	53·9%		82·8%		52·4%		89·3%		73·7%		74%		70%		83·1%	

Mr. DOUGLAS (Weyburn): Could we have on *Hansard* the totals by administrative divisions?

Mr. THORSON: I have the information by provinces, if that will meet the situation. This is a statement showing the number of men whose military training has been postponed during the first ten months training period:

(November 8th, 1941)

Statement showing by provinces the number of men whose military training has been postponed during the first ten military training periods

Provinces	Seasonal and Essential Occupations					Wartime Industries	Other Ind. than War-time	Univ. and College Students	All Other Reasons Except Cons. Objectors	Totals
	Farming	Lumbering	Trapping	Fishing	Others					
Ontario	1,916	150	12	10	386	2,656	483	706	2,752	9,071
Quebec	5,192	1,711	347	77	2,184	2,730	1,623	491	449	14,804
Nova Scotia	476	58	1	62	125	10	157	100	297	1,286
New Brunswick	453	329	..	84	100	5	78	135	234	1,418
P. Edward Island	155	4	..	4	8	1	7	12	26	217
Manitoba	679	33	7	111	234	2	27	117	533	1,743
Br. Columbia	308	102	6	61	38	315	227	564	1,682	3,303
Saskatchewan	901	16	6	8	34	8	..	113	94	1,180
Alberta	1,236	4	..	1	117	9	2	72	579	2,020
Total	11,316	2,407	*379	418	3,226	5,736	2,604	2,310	6,646	35,042

Mr. DOUGLAS (Weyburn): The minister said that each case discussed was considered by these boards on its merits, and that the sole disposition of cases lay with the boards?

Mr. THORSON: Yes.

Mr. DOUGLAS (Weyburn): Under this new regulation, national war service regulation No. 14, there is no longer any appeal to the minister, and, as I understand it, the sole disposition depends now upon the board in question.

Mr. THORSON: Quite right.

Mr. DOUGLAS (Weyburn): Could the minister elaborate that to the committee, and explain what is done to arrive at some degree of standardization among the different boards. May I point out, for instance, a glaring example which was reported in the press some time ago. In Manitoba certain hockey players made application for postponement because they wanted to go to the United States to play hockey. Their applications were rejected, but in one of the other provinces—Ontario, I believe—some hockey players applied for and received their permission.

It seems to me that the former regulation was preferable. This is a tremendous responsibility to leave in the hands of what is, after all, a quasi-judicial body not directly responsible to this house. It is possible that, if the personnel of a board were not of the right type, a state of petty tyranny might exist in a province. A person has no appeal to the minister or to any other body. If the men on the board are unsympathetic or have not the proper approach to the problem, a very difficult local situation might arise. At the other extreme, in another administrative area there might be a very lax board and consequently an unsatisfactory situation. To confer sole jurisdiction and the unfettered disposition of these cases upon what should be only an administrative board is to set up a series of boards which have no standardized system of interpretation, can deal with each case in their own way, and may deal with these cases entirely differently in different geographical sections of the dominion. I wondered what system the minister had for standardizing the work of the boards right across the country, or is each board to be a law to itself, applying these regulations as it sees fit to each case that comes before it?

Mr. McGREGOR: I think we should get one thing cleaned up at a time. We have asked for the numbers of applications and exemptions from each province. If the minister will put that information on the record, it will clear up that point.

An hon. MEMBER: That has been done.

Mr. McGREGOR: No. He stated the number of exemptions in each province; he has not given the number of applications—

Mr. THORSON: The hon. member is quite correct.

Mr. McGREGOR: —and also the number of men called.

Mr. THORSON: I do not know to what extent hon. members want tremendous tabulations put on *Hansard*. I have no objection to putting on the record anything the committee wishes to have, but these tabulations are quite lengthy. What tables does the hon. member wish to have?

Mr. McGREGOR: We want to find out, for each of the different provinces, how many applications have been made for exemptions and how many applications have been granted.

Mr. THORSON: I am sure that the hon. member is referring to applications for postponements.

Mr. McGREGOR: Yes, postponements.

Mr. THORSON: With the consent of the committee, I will put on *Hansard* tables giving all that information.

Mr. DOUGLAS (Weyburn): May I have a statement from the minister with reference to the standardizing of the work of these different boards?

Mr. THORSON: The question which the hon. member for Weyburn has raised might also be raised with regard to our courts of justice when they are trying questions of fact, because the human element comes in there. I would remind the hon. member that each one of these administrative boards consists of three persons, and is headed by a judge of a superior court or other court of the province. In addition, there are two other representatives, and I think I can properly say that they are responsible men in their communities. Also, a representative of the Department of National Defence, and a representative of the national labour supply council, have the right to be present at the sittings of the board, and each of them has the right to make representations to the board. I believe I can safely say that the board deals with these applications for postponement carefully and judicially; I might go even further and say, sympathetically.

The hon. member for Weyburn asked about some hockey players, and the leader of the opposition also made some reference to them. I think this subject has received in the sports columns of the newspapers a great deal more attention than it deserves. I was in Toronto when the first announcement was made of the decision made by Mr. Justice Adamson, of administrative division J, who had had a number of young men appear before him to ask for his authority to leave Canada so that they might play professional hockey in the United States. He rejected those applications. I was asked what my opinion of the matter was, and I expressed the opinion generally—I hold it yet—that the needs of the war supersede those of sport. I was also asked what would be the effect of that decision. As I have pointed out, in respect of these particular matters the chairman of each board has jurisdiction, and he may deal with the case in accordance with his views on the subject. The section which is involved in these applications by hockey players is section 4, subsection 2. I should like to put it on the record so that there may be the fullest understanding of this situation. It reads:

> No male British subject who is liable to be called out for military training under the next preceding subsection shall, after his age class has been called out by proclamation, as provided by subsection 1 of section 5 of these regulations, leave Canada for any reason whatsoever, unless and until he has been so authorized in writing by the chairman of the board to whose jurisdiction such man is subject.

Therefore anyone who is under twenty-one years of age does not have to go to the chairman of the board for necessary authorization in writing, nor does anyone who is over twenty-four, so that the chairman of the board deals only with applications coming from young men who are in the age groups that have been called up by proclamation, that is to say, young men of the 21, 22, 23 and 24 age classes.

The respective chairmen of the boards have dealt with this subject in a manner that is not altogether uniform, but I should point out that it is the chairman of the board who deals with these applications for written authority to leave the country. It may be of interest to know, in view of the fact that so much publicity has been given to this matter in the sports pages of the newspapers, that altogether there are sixty hockey players who have been granted permission to leave Canada by the chairmen of the divisional boards: seven from adminstrative division A, London; twenty-two from administrative division B, Toronto; six from administrative division C, Kingston; four from administrative division D, Port Arthur; five from administrative division E, Montreal; one from administrative division F, Quebec; none from administrative division G, Halifax; one from administrative division H, Saint John; none from administrative division I, Charlottetown; none from administrative division J, Winnipeg; none from administrative division K, Vancouver; one from administrative division M, Regina; thirteen from administrative division N, Edmonton. I understand that the chairmen, in granting this written authority, to leave Canada in order to play hockey,

to the young men who are going over to play in the United States, receive assurances from them that they will be immediately available if they are called. There is the situation.

Recently there was a little press item about fourteen hockey pros leaving from Winnipeg, and some concern was expressed as to how they could do so in view of the fact that the chairman of the board at Winnipeg had granted no written authority. On checking that up, I find that ten of the fourteen men were either under twenty-one or over twenty-four and that one was marked "category E." I have not the full particulars with regard to the other three, but the chances are that they got their written authority from some other chairman.

Mr. DOUGLAS (Weyburn): The minister's statement fully substantiates the point I made, namely, the total lack of uniformity.

Mr. THORSON: I do not know how one could get uniformity on questions of fact from administrative boards any more than one could get uniformity on questions of fact from courts of law. We are seeking as best we can to get uniformity in the matter of dealing with all those persons whose cases are considered by the board as individual persons, each person having his own case before the board. We have had conferences here at Ottawa by the chairmen of the boards, and that sort of thing has been helpful. I do not recall when we had the latest conference, but it was before I took charge of the department, and I think it might be useful to have another conference for the purpose of bringing about further uniformity of administration. I believe, however, I can say to the hon. member for Weyburn that where the human factor comes in, I do not see how one can eliminate differences altogether any more than one can in a court of law or in cases before juries. One jury might convict a man whereas another jury might acquit him, and they are trying questions of fact and dealing with individual cases. I can say this, however, that the boards have sought to deal with these applications for postponement in a careful, judicial and sympathetic manner, and that, by and large, the regulations, from that point of view, have worked fairly satisfactorily.

Mr. DOUGLAS (Weyburn): I do not want to find fault with the regulations, but I do suggest two things. While it may not be possible to have complete uniformity, it is possible to have a greater measure of uniformity, because it is not altogether a fact-finding matter. As far as the public are concerned, here were men who had identical cases to present. The minister himself has said that in Winnipeg men are rejected, whereas in London or Toronto men are given permission to proceed across the line. The difference was not in fact; it was in the interpretation given by the chairmen of the boards. It seems to me that if we want to have the public regard this as fair administration, we shall have to have a greater degree of uniformity; otherwise a man will feel that someone else living in another province with a different personnel on the board will get different treatment from what he gets in his particular district. The second suggestion I make is this. I still think the first regulation which allowed some court of appeal—either the minister or some official here—would obviate much of the feeling of uneasiness which has arisen in consequence of these different decisions that are handed down by the respective boards in identical cases.

Mr. McNEVIN: If I understood the hon. member for Témiscouata correctly, he said that agriculture was included with lumbering as a seasonal occupation. Is that the view of the department?

Mr. THORSON: Farming is dealt with under section 14 of the regulations, the heading of which is "seasonal and essential occupations." Therefore I think the interpretation placed on the matter by the hon. member for Témiscouata is reasonably sound, because farming is also named in the operative part along with a number of other occupations also of a seasonal and essential nature. I put the whole section on the record when I was before the committee previously.

Mr. McNEVIN: In that connection I would point out that there may be sections of Canada in which agriculture could be properly classified as a seasonal occupation. Nevertheless there are wide areas where the word "essential" would be the proper description, because in large areas in Ontario, due to the care and feeding of live stock, the winter season is practically as busy on the average farm as the summer season.

I have a great deal of sympathy for the members of these boards which have had thrown upon them the responsibility of making the selection of those to take this military training. I think in some respects the considerations that have entered greatly into these decisions would be where dairy farms and farms where there is a heavy hog production may properly be classified as essential to our war effort. But I would point out that the beef cattle areas represent an equally important item of production as far as our war

effort is concerned, because wherever we have had a curtailment of consumption of pork products, beef is used to a greater extent as a substitute than any other commodity. Special attention should be given to that point.

Beef is important from another point of view. It is a staple commodity that enters into the diet of our army and our civilian population. Then, if we happen to have any surplus, there is ample provision for export to the United States, thus providing the much needed United States dollars to purchase vital commodities for the building up of our mechanized forces. Therefore the production of beef should be on a par with districts producing pork products and dairy products.

Mr. THORSON: By this section the occupation of farming is put in exactly the same position as any occupation that is essential to the prosecution of the war.

Mr. FAIR: I should not like to have this committee think that in provinces other than Ontario live stock can be grown without having help to feed it. Ontario is not the only province in Canada. While in Alberta we have very bright sunshine, we still have to do a great deal of work to raise that vastly increased crop of hogs that we have there at the present time. While in Alberta we raise four-legged hogs, I am sorry to say that in some of the provinces they raise the two-legged type.

Mr. HANSELL: A little while ago we were discussing the matter of men being rejected on account of being physically unfit. I notice on page 4100 of *Hansard* the minister is reported as saying:

> Out of a total of 217,588 men examined up to October 2, 1941, only about 56 per cent were placed in category A, the only category accepted for training at the present time by the Department of National Defence. This is a serious situation, and the plans for the reconditioning of these men who have been rejected are under consideration.

For over 50 per cent of our young men in the prime of life to be physically unfit is indeed an alarming state of affairs. I do not think the minister would tell us this 50 per cent were physically unfit by reason of having ruptures, or appendicitis, or something of that kind. The old adage that "an ounce of prevention is better than a pound of cure" still holds good. I am wondering whether something cannot be done to prevent the teen age boys who are coming along and who, if the war lasts two or three years more, will perhaps be called into service, from being also found physically unfit.

The minister said that plans for reconditioning these young men are under consideration. I would implore the minister not to use the term "reconditioning".

An hon. MEMBER: It sounds like an old car.

Mr. HANSELL: Yes; men are not made of tin.

Mr. THORSON: Will the hon. member suggest a better term?

Mr. HANSELL: We talk of reconditioning machinery after it has been used. The term might be in order if we could say that these young men are physically unfit because they have been giving such strenuous service to the building up of Canada. I think, however, I am right when I suggest that the reason why 50 per cent of our young men cannot pass the physical tests when they are called up for training is that for ten long years we have gone through a state of poverty and destitution which was deliberately imposed upon the country. We may say that times are better now, that people are earning more money, but can we say that is going to continue? I should like to ask the minister if he agrees with my diagnosis, that it is on account of the depression of recent years that these young men are not physically fit. I think the subject of malnutrition in these past years is worthy of attention.

I do not want to be jumping up and down, so, while I am on my feet, might I refer to another matter? The minister can keep in mind the question I have asked him so that he can answer later. The subject of broadcasting was brought up some little time ago, and some discussion took place. On August 20 of this year I was very much alarmed to discover, in a newspaper which I picked up, that in a radio broadcast over the national network of the Canadian Broadcasting Corporation a private member of this house had read a secret document that was in the hands of the intelligence service of this country. I say I was seriously shocked to read that in the newspaper, because I happened to be a member of the committee on the defence of Canada regulations before which that document was read. It was not shown to the members of the committee, which met in camera; it was read by an officer of the Department of Justice, and we did not even see it. Due to the fact that those sittings were held in camera I felt, as I believe other members of the committee felt, in duty bound to keep secret such matters as I have just mentioned. The committee concluded its work; we went to our respective homes, and

then along comes a private member of parliament—who was also a member of that committee—who has been given access to these secret documents of state, who can take them out of the files and read them in a radio speech over a national hook-up.

I am not seriously complaining because the document was read. What I am complaining about is the fact that this was a secret document, read to a committee sitting in camera, and the members of that committee felt in duty bound to keep everything of that kind confidential. Then a private member is given access to it. I should like the minister to tell me by what authority this private member was given permission to obtain this document and read it over the radio. There is another question: if a private member of another party in this house should ask for the same privilege, would that request be granted? I think I have made myself clear. I protest against that sort of thing, and as a member of that committee I think I have a right to do so.

Mr. THORSON: With regard to the second matter mentioned by the hon. member for Macleod, I should be glad if he would give me the particulars of what he has referred to, and I shall be glad to look into the matter.

Mr. HANSON (York-Sunbury): Does the minister not know about it?

Mr. THORSON: No, I do not.

Mr. HANSON (York-Sunbury): We all heard the broadcast.

Mr. THORSON: I did not hear it, and I do not know to what the hon. member refers.

Mr. HANSELL: I can give the minister the particulars now. I did not want to embarrass any hon. member, but I might read part of this newspaper article:

> Ernest Bertrand, Liberal member of parliament for Montreal Laurier, read in a broadcast address to-night a document which he said contained orders from an enemy government to its agents in Canada, and revealed with what "thoroughness and detail the secret plotting" was contrived.

Later, the news dispatch says:

> . . . Mr. Bertrand said in his address, in which he discussed the defence of Canada regulations over the national network of the Canadian Broadcasting Corporation.
>
> Dated 1937, it was addressed to an agent working in a large Canadian city, said Mr. Bertrand, adding that this was the first time it had been made public.

Mr. THORSON: I am not aware of the facts with regard to the broadcast and could not possibly reply to this question at the moment.

The first question asked by my hon. friend had reference to the very large number of persons who were rejected when they presented themselves for medical examination after being called up. While I appreciate that the situation is a very serious one, I should not like to go so far as to say that it is the result of the depression years. Those may have had their effect on some of these men, but I should like to point out that the standards set by the Department of National Defence are very high. I should point out also that some of the ailments on account of which men were placed in categories lower than A were slight in themselves, but sufficient to exclude these men from the highest category, without in any way affecting their ordinary health. I wonder how many members of this house could get into category A.

Mr. HANSON (York-Sunbury): We are not twenty-one year olds.

Mr. THORSON: Even so, men may not be in category A and yet be in excellent health to all intents and purposes, without being able to undergo the very severe strains that must be undergone by soldiers. When I point out these things, of course I am not minimizing the grave nature of the problem.

Mr. NICHOLSON: What fee is paid to civilian doctors for these preliminary examinations? I undertsand that at the outset the fee was $1.

Mr. THORSON: Yes.

Mr. NICHOLSON: If that fee is still paid, it seems to me that a very thorough examination cannot be expected for it. Have the doctors across Canada agreed to do this work for this small fee as part of their contribution to the war effort?

Mr. THORSON: Yes.

Mr. NICHOLSON: Are they really conducting a $5 examination and thus making a contribution of $4 to the cause, or is only a superficial examination made? Perhaps the minister would enlarge upon the nature of the examination.

Mr. THORSON: I think we can safely say that in a great many cases the doctors are doing this work as a contribution to the national effort. The fee they receive is $1 per examination, which is a great deal less than one would have to pay ordinarily for an examination of this kind. I believe they give a fair physical examination.

Mr. DIEFENBAKER: In the discussion which took place a short time ago with reference to the chairmen of the various boards

having authority to permit persons to go to the United States, mention was made of the situation with regard to hockey players. We have no information as to the number of people in Canada between the ages of twenty-one and twenty-four who obtained authority to go to the United States during the past year. I would ask the minister to give that information. In addition, as I understand the situation, on October 7 the regulations dealing with the granting of postponements were altered. Up until that date a postponement, whether granted or refused by the provincial board, was subject to a form of appeal to the minister. That was the condition prior to October 7.

Mr. THORSON: I am not so sure about that.

Mr. DIEFENBAKER: That is my interpretation of the remarks of the minister as reported at page 4099 of *Hansard*, when he referred to section 14.

Mr. THORSON: No; that had nothing to do with the matter of appeals.

Mr. DIEFENBAKER: That had to do with the question of postponement?

Mr. THORSON: Yes, but it had nothing to do with the subject of appeals.

Mr. DIEFENBAKER: The minister stated on that occasion, as I summarize his words, that an alteration was made in the regulation on that date, and that since that time the decision of the provincial board has been final. Is that not correct?

Mr. THORSON: I was about to read the old regulation as it stood and, if I recall what I said the other night, it was that under the old regulation certain directions from the minister were contemplated. I had not in mind the subject of any appeal from the boards. I do not think there was any appeal from the boards, even prior to the new section.

Mr. DIEFENBAKER: Then, are there any cases where the minister or his predecessor directed any of the provincial boards to alter decisions which any or all of those provincial boards had made?

Mr. THORSON: Not that I am aware of.

Mr. HANSON (York-Sunbury): May I direct the minister's attention to a somewhat wider aspect of this question of man-power. He will recall that in the course of the remarks I made in the house a week ago to-day I referred to the question of Canada's potential man-power capacity, and to the national registration of August, 1940. I believe I have served sufficient notice, and I should now like to have a specific statement of Canada's potential man-power capacity as disclosed by the national registration, not only for the armed services but for other classes of service as well. If the minister is not in a position to make the statement to-night, perhaps he would be good enough to make it to-morrow.

Does he agree with the statement made by his predecessor, as reported by the press, that Canada can muster a million men for the armed forces, and still attain the necessary production in farm and factory? I do not know whether or not that is possible, but I hope it is. There may have been a little bit of optimism on the part of the minister's predecessor, but I have no doubt that he made the statement in good faith, believing in the truth of it, because one would not suggest anything else from the present Minister of Agriculture.

Mr. GARDINER: The statement is not word for word what I said. I read it, of course, and I have it in writing.

Mr. HANSON (York-Sunbury): The words I have used may not be the exact words used by the minister, but they are taken from the lead of the Canadian Press, and if they are in error, the Minister will correct them. I believe, however, that I have given the substance of what he has said. That is what the public understood him to say. I am not disagreeing with him; I am asking him for information.

The Canadian Press dispatch dated at Ottawa, September 13, states:

> Canada can muster 1,000,000 men for the armed forces and still attain the necessary production in farm and factory, agriculture minister J. G. Gardiner said last night in a reconsecration week speech on the national network of the Canadian Broadcasting Corporation.

Then he goes on to say:

> If 1,000,000 men were called to arms, he said, there would still be 7,000,000 persons over sixteen years of age left and these properly organized and determined to stand behind the armed forces can operate all our farms, our factories and places of business in a manner which will give us the production required.

Mr. GARDINER: The last sentence is what I said.

Mr. HANSON (York-Sunbury): I do not rise to attack that statement. It may have been a slight exaggeration, but I should think it was at all events within shooting distance of being correct. I should hope it would be. This country paid a good many hundreds of thousands of dollars for the national registration, and it would have cost a great deal more had it not been for the voluntary

services of a large number of citizens, who worked free of charge in order to keep down expense. I would ask the minister to give a specific statement of Canada's potential man-power capacity, as disclosed by that registration.

In that statement I should like to have the total number of men of military age in Canada, between the ages of twenty-one and forty-five. I take those ages, because they are the ones liable to call under the mobilization act. If possible, I should like to have the statement broken down broadly into the various occupations of the persons of military age.

I have one other request to make. From time to time proclamations have gone out calling the classes of 21 years, 22 years, 23 years and 24 years. How many are there in each category of those four ages? I want that information so as to have a broad picture of the potential man-power of Canada. I ask for the information, not to test the statement of the Minister of Agriculture, but to learn the true picture with relation to man-power. I do not believe many people in Canada really know about it. There are very few who know that one of the purposes of national registration was to let us know what the exact situation was. Unless we can get those figures and have them properly tabulated in some intelligent form, then there was not much use of national registration.

So far as I recall, up to a certain time the only use of the national registration was a basis upon which to issue a proclamation for the call of the 21-year-old and following classes. The registration cards, or applications—whatever their proper designation was—were segregated so that they could be handled quickly. On the basis of that registration the first call for training was sent out. Have I made myself sufficiently clear with respect to the information desired? If the minister has not the information to-night, I would be content to have it at three o'clock to-morrow.

Mr. CASSELMAN: When the minister is giving the numbers in the 21-, 22-, 23- and 24-year-old classes, would he also give the number in each of those classes who have been notified to report for examination?

Mr. THORSON: Yes. A number of questions requiring considerable break-down have been asked.

Mr. HANSON (York-Sunbury): That information must be tabulated now; it was secured fifteen months ago.

Mr. THORSON: I have a good deal of the information for my hon. friend. Before answering him, however, may I reply to the hon. member for Lake Centre. The figures for the persons who have been authorized in writing by the various chairmen to leave Canada will have to be obtained from the chairmen. I shall be glad to obtain that information from them because I do not have it in tabulated form at the present time. That is the function the chairman exercises. When a man leaves the country he must have a passport, and a passport is not issued unless there is the necessary authorization in writing.

Mr. DIEFENBAKER: How often do the chairmen furnish the minister with information as to the number that have been granted?

Mr. THORSON: I do not know that we have asked the chairmen to give us any regular break-down with regard to the different kinds of requests, but I shall be glad to obtain that information.

Mr. HANSON (York-Sunbury): They have to have passports, but what about these woods workers who did not have to have passports?

Mr. THORSON: I think that situation was explained by the Prime Minister.

Mr. HANSON (York-Sunbury): Special provision was made for them.

Mr. FRASER (Peterborough West): Were these 4,000 or 5,000 lumbermen exempted by the board before they went across?

Mr. THORSON: If the passport regulations were waived, it is quite likely that a considerable number went across under the general waiver. I should not be a bit surprised if some of them were within the age group of twenty-one to twenty-four years.

Mr. HANSON (York-Sunbury): No doubt.

Mr. THORSON: No doubt about that. With regard to the number of men in each class actually called up; I shall have to get this detailed information from the divisions. As far as I recollect, we do not have the break-down in that detailed form.

Mr. HANSON (York-Sunbury): We know how many men there were twenty-one years of age as of July 1, 1941.

Mr. THORSON: I shall get that information as rapidly as possible.

Mr. DIEFENBAKER: Do I understand the minister to say that men subject to call are allowed to leave the country as the result of an authorization given by the chairmen of the provincial boards and that he has no record of them?

Mr. THORSON: The records are all there

Mr. DIEFENBAKER: I do not know what the minister means by "all there."

Mr. THORSON: The information can all be obtained.

Mr. DIEFENBAKER: Does the minister not have those records in Ottawa?

Mr. THORSON: I should not like to say "yes" or "no" to that, but I do know that the information can be obtained. That is the function of the chairman, not the function of the board as such, and for the time being it really does not touch the subject of the calling up of these men because the quotas have all been filled. Of course it does touch the question in a way because these men are subject to call, but the chairman of the board, who is a judge in each case, looks into the facts. All these men must have the necessary forms from the foreign exchange control board. I do not think there has been any wastage or leakage of manpower as a result of these operations. I can get from the chairmen of the boards information as to the total number of authorizations which have been given. I do not think we have that information at present available in the department.

Mr. HANSON (York-Sunbury): Does the minister not think the giving of these authorizations constitutes a preference which the ordinary man would not get?

Mr. THORSON: Not at all. The judge considers each of these cases upon its merits. In many cases the authorization is given to a man who of necessity must cross the border for some reason or another, on account of sickness, for business reasons or for a multitude of other reasons. He cannot obtain a passport without having a written authorization.

Mr. POULIOT: When one is not speaking in his native language he is under a rather severe handicap, and I should like to say a word or two about what I said this afternoon concerning the young soldiers who made a commotion when the Prime Minister visited them in England. I used the words "young fools" in the sense of *gaminerie*. I could not find an exact translation of this word as we would use it in ordinary conversation. The nearest is boisterous or turbulent. I want to make this explanation in order to keep the record clear.

Mr. NICHOLSON: The minister in charge explained that one of the objectives of the national registration which was taken last year was to make it possible for people who were unemployed in one part of Canada to move to other areas where employment might be available. There are a great many men in the prairie provinces who were machinists or mechanics before they took up farming. These men now find that they are producing what is often described as a drug on the market; they are producing wheat, which is apparently not needed at the present time. Many of these men are anxious to make some other contribution in the way of producing necessary commodities. So far, I have not met one who has been encouraged to move from western Canada to eastern Canada to find employment in industry. On the contrary, I know of men who are well qualified and who have written many letters in the hope of finding employment, but they have received no encouragement.

I should like the minister to explain just what use has been made of the national registration which was taken last year. Are the files kept up to date? Has the government information as to the number of toolmakers who are living in the prairie provinces and whose services could be used in eastern Canada?

Mr. HANSON (York-Sunbury): The minister was to give me some information.

Mr. THORSON: Questions have been coming from all quarters. Before I deal with the questions put by the leader of the opposition, I should like to put on *Hansard* a table showing comparisons between the administrative divisions and the military districts, along with the table I referred to when that question arose. The table is as follows:

Administrative divisions	Military districts
A	1
B	2
C	3
D, J	10
E	4
F	5
G, I	6
H	7
K	11
M	12
N	13

I should like to deal in a general way with what has taken place with regard to the national registration.

I brought to the attention of hon. members the other evening, when I first spoke to the committee, a certain publication entitled "Specialized Occupations, National Registration, 1940", issued by the Department of National War Services and the Dominion Bureau of Statistics. All or practically all of the information requested by the hon. member for Mackenzie is contained in this particular book. Last year there was given by my predecessor a fairly full description of the manner in which the national registration had proceeded across Canada. When the cards came

in to the Department of National War Services they came in by tons. The work of tabulating, compiling and getting the necessary statistical information together was assigned to the bureau of statistics. The bureau has been working on that, and this spring, I believe, was responsible for the publication of this book which I have mentioned. Perhaps the best thing I can do is to read the preface, which is brief, and then indicate the kind of information which is found in this book. The preface, written by the dominion statistician, Doctor R. H. Coats, is, in part, as follows:

> The national registration was conceived and carried out primarily as a register of the military and labour potential of Canada. In accordance with this conception, the main tasks assigned to the dominion bureau of statistics, in addition to the revision and permanent filing of the registration cards as received from deputy registrars, have been:
>
> 1. The selection of single males of military age.
> 2. The listing of persons in some 1,250 specialized occupations.
> 3. The listing of persons with training in agriculture.
> 4. The selection of certain classes of aliens, and
> 5. The compilation of a general conspectus of the ages, birthplace, nationality, education, etc., of the Canadian adult population.
>
> The first of these involved the transfer of some 1,050,000 cards for the use of the Department of National Defence.

These are cards that came back to our department and are available to be sent out to the various administrative divisions, so that when we issue a proclamation calling out a particular age class or a series of age classes, all of the cards relating to those persons are sent to the administrative divisions and are there in the custody of the registrar.

> The second and third and fourth were made by the construction of lists giving the addresses and various personal and occupational information for about 2,200,000 names. These have been placed at the disposal of the departments and others requiring such information.
>
> The first four objectives have now been achieved. In addition, preliminary tabulations concerning the fifth part, which was not undertaken until the listing process above-mentioned was completed, have now been published in bulletin form.

In this publication to which I have made reference there is an introduction which explains the set-up of the various tables and deals with this subject of 1,250 specialized occupations. The persons who are in those specialized occupations totalled about 1,800,000 across Canada. There are a number of tables in this publication which will give a good deal of the information asked by the leader of the opposition and the hon. member for Mackenzie.

I think I may also say that the subject of man-power generally is being carefully studied.

Another publication to which I made reference is entitled "Statistics Relating to Labour Supply under War Conditions." That was issued by the social analysis branch of the dominion bureau of statistics.

Since registration took place, there has been a continuing registration of all persons who have reached the age of sixteen, who are required to register as soon as they do reach that age. Then, all changes of address and of matrimonial status are recorded. The system of keeping track of these cards and of this information is such that, I think I can say to the committee that if I were asked to locate a certain man or woman who had registered, it could be done, by the system which they have there, in just a few minutes. The records are in excellent shape.

With regard to the question of the hon. member for Mackenzie as to the moving of men from one district to another, thus far that has not taken place under government direction except in an indirect way. Nor does it take place in the old country, where they have a system which enables them to send men to one industry, or away from one industry to another. Although the power of compulsion is there, they have not exercised it. They have directed labour, and they have done that largely through the operations of the employment offices. As hon. members will recall, we did not have dominion government employment offices set up until recently, and we are of opinion that, if any movement of labour is required from one area to another to meet the needs of industry in any locality, the establishment of the new employment offices will be very helpful to us in directing that flow of labour from one place to another.

Mr. NICHOLSON: I followed the minister closely, and I am aware that there is a great deal of valuable material available, but I do not think members of parliament have received this report which he mentioned. If that is so, then I wonder how many firms in industry are making any use of the information which has been compiled. I might remind the committee that so far we have had practically no expenditures for capital equipment in connection with the providing of any war industries in western Canada—certainly, in the province of Saskatchewan. I know that a great many people have come to the east from Saskatchewan, but men who wait for encouragement or for advice as to the possibility of getting employment should they come east, simply never come. I realize that there are many difficulties, but it seems to me that so far nothing has been done except to discourage people from coming. The hon. member for

Weyburn has handed me a clipping from a western paper dated October 23, a dispatch from Windsor by the Canadian Press which reads:

Stay west, young man, says mayor. Windsor chief magistrate warns prairie folk to keep away. No work available. Bad advice being given by social service agencies.

Canadian Press. Windsor, Ont., Oct. 23—Premiers of the three prairie provinces will be asked to warn residents of their provinces that there is no employment available here, Mayor Arthur J. Reaume said Wednesday following receipt of reports from industries here that large numbers of men from western Canada were seeking jobs. Forty-five in one day.

Mayor Reaume said 45 Saskatchewan men appeared at one large plant seeking work Tuesday. Industries throughout the city have reported four and five men from the prairie provinces have appeared at their employment offices daily during the past week and had to be turned away, the mayor said.

"I am told that they said they were advised by social service agencies in Saskatchewan and the other prairie provinces that there were jobs to be had here," Mayor Reaume said. "This is not the case and it is time the people of the prairie provinces were warned that they were wasting their money by coming to Windsor looking for work . . ."

Letters will be sent to the mayors in the leading cities of the three provinces as well as to the premiers, the mayor added.

I understand that letters covering the same information have been sent to the municipalities in western Canada. I suggest it is time now that some machinery be made available so that men who are trained or who are willing to be trained may have an opportunity to make some contribution apart from that which they are making in producing wheat or by being on relief. In large areas in the west there have been crop failures and there are many men who will have to depend upon the government for assistance. We should be making use of the labour power that is available. I had expected that the minister would have something more hopeful to say in connection with the employment of men who are well trained and who could make a contribution in industry.

Mr. WHITE: I have one or two questions to ask the minister. A short time ago when he was giving a summary of the various exemptions that had been granted, he classed them under farming, lumbering, fishing, and so on, and I understood him to say that under the head of "miscellaneous" there were some 7,000 or 8,000. May I ask under which class university students are included? In putting that record on *Hansard,* could he indicate the number of university students who have been granted exemptions? Would he also give the committee a brief statement indicating what constitutes a university student? Does it mean a man who is attending university so many hours each day, or does it mean that he may be taking one or two lectures a week, or would it include any man who is taking a course by correspondence? Would such a man be classed as a university student and be given exemption? Would the minister care to express an opinion as to whether exemptions such as these are class legislation?

Mr. THORSON: The number of postponements in connection with university and college students, requested for the first three periods, is 971; applications granted, 892. Then, for the remaining periods, four to nine, the postponements requested number 1,371 and those granted, 1,236. Section 17 of the regulations contains the following subsection, 10:

The board may grant a postponement order to a student who is registered at a Canadian university or college to follow a course leading to a degree or diploma and who has been accepted by the university or college authorities.

There are a number of other regulations regarding students, but I do not consider that as preferred treatment. I think it is desirable that bona fide students should be entitled to have postponement of military training during the terms of their college years. Many of them belong to other compulsory military training units in their universities or in the Canadian officers training corps, and I do not think any preferential treatment is given to these persons.

Mr. WHITE: I understand that in the 21-year-old class, owing to lack of accommodation, between 40 and 60 per cent of the young men available have been called. If that is correct, will the minister state clearly to the committee how the registrars make the selection and who would be picked in the 40 or 60 per cent of the young men called.

Mr. THORSON: That was the question which the leader of the opposition put to me and which I have not yet had an opportunity of answering. I should be glad to try to answer it. The Department of National War Services receives a requisition each month from the Department of National Defence indicating the number of persons whom the Department of National Defence requires for the next training period. That is broken up by the Department of National Defence into the number who are required from each administrative division. The registrar of the administrative division gets these instructions, and his duties are to distribute the number of notices to the various parts of his division, as fairly and equitably as he can. He proceeds in this way. He starts first of all with the lowest

age group. He takes the 21-year class and, going still further, he takes first of all the persons who were born earliest in that particular year.

Mr. HANSON (York-Sunbury): It goes by seniority.

Mr. THORSON: Or juniority, if I may say so. In addition to that, an attempt is made to work out an equitable distribution between persons who have never been called up for any period of training and persons who either did their thirty-day training and are called again or persons who had become twenty-one previously and whose applications for postponement were granted. In that way an effort is made to place the men who are subject to call as equitably as possible over the whole administrative division over which the registrar has jurisdiction. It is done on the basis of age groups and working out an equitable division between the new twenty-ones and the old twenty-ones. The system is not perfect, but an effort is made to work it out.

Mr. HANSON (York-Sunbury): Under that system no one should escape being called?

Mr. THORSON: No.

Mr. HANSON (York-Sunbury): Everybody in the 21-year-old class so far has been called?

Mr. THORSON: I do not think so. I do not think we have exhausted all the twenty-ones even yet. But I do not think there is any likelihood of any escaping being called, because the cards are all there in the administrative divisions.

Mr. MUTCH: This point of the call brings me to something on which I desire to make an observation and to ask the minister whether he thinks anything can be done about it; that is the practice of calling the twenty-one year olds, the twenty-twos, and I understand the proclamation now includes those up to twenty-four, but only the twenty-ones and the twenty-twos have been called up.

Mr. THORSON: They are all subject to the proclamation.

Mr. MUTCH: I would suggest to the government through the minister that while the idea of calling them by age groups one year at a time beginning with the twenty-one year group was perhaps valid when we conceived the idea of thirty-day training, so that the matter would go on progressively and everyone between the ages of twenty-one and forty-five who was eligible would ultimately get training, yet that practice lost its validity, I think, when we switched to what is virtually training for the duration. I have some recollections of what happened to the generation of boys of that age in the last war, and I am fearful that if we proceed in this way we are again going to denude the country of the young men of a generation. It is simple to say that taking them for a period of training for the defence of Canada —and for the moment Canada is not in immediate danger of attack—causes less disruption to the general life and industry of the country. But I do not think that is sound either from the point of view of the army or, what is perhaps more important at the moment, from the point of view of the country now or in the time to come.

I would suggest that the minister consider the idea of turning the list upside down; at any rate, if they will not go to the top, that they push up men from, say twenty-seven, twenty-eight, twenty-nine to thirty-five or thirty-seven, even up to forty if not forty-five, and begin to take in not only single men but married men, taking at the beginning perhaps only married men with no families or with small families. When I think of the days when this thing will be over, I am sure that we are making a mistake in not dividing the responsibility over a wider group. I am perhaps selfish also in my thought that we should go into these higher brackets. If there is any group of men in Canada to-day who are "dodging the column"—it is not my duty to say at this time and place that there are—it is the men who were just too young for the last war and who to-day are comfortably employed, perhaps have homes partly paid for, small families, men who, as a rule, are in a fairly good income group and, in most instances, doing useful service. With a good conscience and the best will in the world thousands of them have hesitated to volunteer and put off on the shoulders of their wives and families the financial responsibilities that they have assumed. They are perhaps waiting until the day comes when they will be urgently required and these things will not matter. I think we might help some of these men to make a decision by expanding instead of restricting the groups called up under this proclamation. I think we should distribute the call more fairly across the face of the country and across the age groups.

As far as I am personally concerned I regard as of primary value in this training programme the fact that it does bring to the active service of the country a class of men who are highly desirable, in most instances, for active military service wherever they may be sent. I am of opinion that the sense of responsibility engendered in those older people would be of great value. I do not wish to suggest that any lack

of responsibility is felt by the younger groups, because I say quite frankly that very many of the men who passed through my hands in the last two and a half months have been nearer eighteen than twenty-one. We do not ask for a birth certificate. I am not in the recruiting business anyway, but I see them shortly after they are in. We can now take a man in at eighteen; he likes to be a man at eighteen, and most of them are manly men, but in my opinion the distribution is not fair, neither is it wise, nor does it get the result for which, as far as I am concerned, we are looking.

No doubt the minister will say that the number called is the responsibility of the Minister of National Defence, and his job is to get them when they are wanted. I hope, however, the minister will not be satisfied merely to do his full duty, but will bring to bear whatever weight he can on the Department of National Defence to emphasize the necessity of getting, not a lesser number into training, but more.

If you come to the ultimate position and the Department of National Defence answer that they do not know what to do with those who do not become absorbed into the active service forces after they are trained, perhaps we are not too proud to take a leaf out of Hitler's book. We are told that he has a force of over half a million who, when he gets into a tight spot, he calls from industrial pursuits and puts into uniform. I am told that there are groups who have been so called out two or three times, and later returned to duty in industry; if it is only a story, there is the germ of an idea in it.

The training of men for this war cannot be left until three months before they are needed. I do not believe it is possible to train a soldier for the technical warfare of to-day in less than nine months and give him a Chinaman's chance for life. If we continue to carry on for a time without casualties as we have done so far, if the war does not break into an active campaign, perhaps by adding to the numbers in training we might train men in relays and reabsorb some into industry. In any event, however, it seems to me that we are not taking the full opportunity to use this service.

I am tempted—but I shall not yield to the temptation—to enlarge further on the question of general training in connection with the active service army, but I again urge on the minister that with which I started, namely, that the country be not denuded of the 20-, 21- and 22-year-olds, without taking a fair mixture of those in the higher ages, and I suggest that the government seriously consider the policy of taking some married men.

[Mr. Mutch.]

Mr. A. J. BROOKS (Royal): I listened to the hon. member expounding his theory of calling up men. I do not know whether he has had to do with the training or simply the calling up of the men. But as one who has had something to do with the training of men, I must say that the idea of calling up men of the ages of thirty-seven to forty-five, with the strenuous training they have to go through, is absolutely out of the question. I have had a number of men, even in their early thirties, who could not stand the training that is required. We all know that this is a young man's war. I think we all agree that it is not a good thing for the country to have our young men spending the best years of their life in the army, but in a situation like this it has to be done; no one else can take their places. Men who are forty-five or forty-two or thirty-seven years of age cannot take the places of young men of nineteen, twenty or twenty-one in a war of this kind. It is not an old man's war; it is not a war of middle-aged men. Of course, as a last resort, I suppose men in the older brackets could be called up later on; I presume that is why the age limits were fixed at twenty-one to forty-five. These men might be called up for home defence, or something like that; but while my hon. friend's idea is very good in theory, I am sure it would never work out in practice.

Mr. MUTCH: I do not think I am discussing an abstract theory, but I am not going to engage in a contest. I did not suggest, however, that we should turn the list upside down and take all the men from the top instead of from the bottom. I do know that there are thousands of jobs, even in this army, which can be filled by old men of thirty-seven years of age. I would not put them in the mechanized forces, and I could not get them into the branch headed by the air minister, but there is a place for them. My thought is that we are not beginning to utilize their services but are robbing the other age groups. I have some knowledge of what people in their thirties can stand; I know better than to urge that they should be placed in competition with young men of nineteen, twenty and twenty-one years of age, but even in a young army I believe there should be a little adjustment of the scale. Let us not shift the burden quite so heavily to the shoulders of the boys; let us not only give the others a chance but see to it that they take that chance.

Mr. THORSON: I am glad to hear this exchange of views between the hon. member for Winnipeg South and the hon. member

for Royal. I believe the general view was that it would be preferable to call out the younger men because this would cause the least dislocation in the economy of the nation; but following this interesting exchange of conflicting opinions I should like to give the matter careful consideration. Would the hon. member for Royal mention the ages up to which he believes the proclamation might be extended, if that should be thought wise? Do I understand his view to be that young men and older men might be mixed in the calling up?

Mr. BROOKS: As the minister knows, there is a certain syllabus of training that has been laid down, covering physical training, rifle exercises and drill for long periods. Naturally the younger men would stand up to it, but if a class of men from thirty-five to forty years of age should be called out at some later date, the syllabus of training could be changed in order that these men might be used for home service.

Mr. MUTCH: Men of thirty-five years of age are at present exempted from physical training.

Mr. THORSON: Would the syllabus have to be changed to make it suitable for the older men?

Mr. BROOKS: Yes; the syllabus would have to be changed. I agree with the hon. member for Winnipeg South when he says that older men could take the places of many younger men, particularly in office work. I believe here in Ottawa there are hundreds of young men of military age who should be released for overseas service, while older men of thirty-five to forty-five years of age could be used here and in every district throughout Canada. They could serve as cooks, clerks and so forth. I understand that the women's auxiliary army is to be used for these purposes, but the older men could be used as well. Then the young men could be relieved for service overseas or active service in Canada—frankly I do not think very much of this active service in Canada, though I am not going to elaborate on that now—and the more strenuous work of fighting. I believe some scheme could be worked out by the defence department and the war services department whereby we could utilize the services of the younger men for the more strenuous work, while the older men could perform the less arduous duties. I believe training could be adjusted to suit the age of the men called up; this should be a simple matter.

Mr. FULFORD: As one of those in the so-called awkward age, who was too young for the last war and apparently is too old for this one, it hurts a bit when, in a conscientious endeavour to do what one can for his country in a military way, he is told flatly either that he is too old or that he lacks military experience. I agree with the hon. member for Winnipeg South that a place should be found for men in what I can only call the awkward age, whether it be doing office work or whether it be in the specialized branches of the army such as the ordnance or the paymaster's corps. I know a great many men object to going into those branches. One hon. member suggests "the kitchen," but I think our army is pretty well equipped in that respect. The fact remains that there are many, many men between the ages of thirty-five and forty-two, we will say, who want to do more than they are permitted to do under the present regulations, and I think the minister would be well advised to take into consideration some of the suggestions that have been advanced to-night. I for one heartily approve them, and I believe the result of getting such men in the army would be most encouraging.

Mr. GREEN: What is the position with regard to young men who are not British subjects? There must be many thousands of young men domiciled here, earning their living in this country and probably intending to remain here all their lives, who are not citizens. Are they not subject to any kind of call?

Mr. THORSON: Of course they were all subject to registration, but they have not been made subject to call for military training, even for home defence. The regulations apply only to:

> . . . every male British subject who is or has been at any time subsequent to the first day of September, 1939, ordinarily resident in Canada while he is of the ages of twenty-one years to forty-five years inclusive, and who was, on the fifteenth of July, 1940, unmarried or a widower without child or children.

Therefore aliens are not subject to these regulations. I have checked this particular matter with the similiar provision in the United States draft law, and while in the United States everybody whether an American citizen or an alien, must register—and that provision is the same as we have in Canada,—in the United States they make subject to their draft law only American citizens and aliens who have indicated their intention of applying for American citizenship. I believe that is the language of the statute in the United States. Therefore even there they have

gone perhaps a little further than we have in calling upon persons who have indicated their intention of becoming United States citizens. But they do not call aliens, other than the ones I have mentioned, any more than we do.

Mr. GREEN: I suggest to the minister that this is one policy which should be changed, particularly because here in Canada we are trying to recruit our army for overseas on a voluntary basis. We are asking young men to enlist, and quite often we are met with the answer, "Why should I enlist, and a young chap who is not a British subject be in a position to take my job?" Here are these young men who are not British subjects, but who earn their living in this country, and they are not even called up for the defence of Canada.

Surely they could be called up for that. If not that, then at least they could be called to do road work, or something of that kind to help the nation. How can we ever expect to raise a large volunteer army if these other men have to assume no burden whatsoever for the defence of the country in a time of crisis like the present? Can the minister say how many thousands of these young men there are?

Mr. THORSON: I think that information is available somewhere. I cannot find at the moment the information as to the number of aliens, but I can assure the hon. member for Vancouver South that the question of whether aliens should be made subject to these regulations has received careful attention. It is quite clear that the argument advanced by the hon. member this evening, that British subjects ordinarily resident in Canada are called for military training while aliens are left free to make big wages in the factories, has been made.

I am inclined to think that if we applied the regulation to aliens, we could apply them only to friendly and not to enemy aliens. No one would think for a moment of making enemy aliens subject to the regulations. Then, if we made the regulations applicable only to aliens who are not enemy aliens, we would not have a satisfactory condition. If only enemy aliens are given the opportunity to stay at home and earn big wages, while the others are subject to military training, there would be dissatisfaction. We have not thus far made the regulations applicable, except to British subjects ordinarily resident in Canada, and I am inclined to think that on balance the argument is in favour of the course we have adopted.

I have here the statement showing by nationalities and by provinces the number of non-British subjects between the ages of 21 and 45, both inclusive, who registered in Canada in August.

Mr. GREEN: Single, or widowers without children?

Mr. THORSON: Yes. Between the ages of 21 and 45.

Mr. GREEN: It includes married men.

Mr. THORSON: According to the heading I have here. From European countries, the total is 19,481; from American countries, 7,122, and from Asiatic countries, 1,126. The table is as follows:

Statement showing by nationalities and by provinces the number of non-British subjects between the ages of 21 and 45 both inclusive, who registered in Canada in August, 1940.

Summary

	Ontario	Quebec	N.B.	N.S.	P.E.I.	Man.	Sask.	Alta.	B.C.	Total
European countries	4,255	383	235	262	4	2,549	2,453	5,014	4,326	19,481
American countries	1,738	447	278	145	23	471	882	1,910	1,228	7,122
Asiatic countries	63	12	8	6	1	51	86	102	797	1,126
Grand total	6,056	842	521	413	28	3,071	3,421	7,026	6,351	27,729

October 1, 1941.
Department of National War services.

Mr. DOUGLAS (Weyburn): Why could enemy aliens not be used on road work? In Saskatchewan at the present time Doukhobors, Mennonites and other conscientious objectors are use in the Prince Albert national park to build roads. Why could enemy aliens not be used for that purpose, if not in the army itself?

Mr. THORSON: I suppose it would be possible to use them, if we put them under a guard. But whether that would advance the war effort is quite another matter. They could be put to work, but whether it would be economical to do so is another matter.

Mr. GREEN: I do not think the minister appreciates the seriousness of the question.

Any enemy aliens who are dangerous to Canada should be interned, if they are not already interned. The others are not dangerous to Canada, and surely could be used to do road work. Aliens who are not enemy aliens could surely be used for home defence or, if necessary, they, too, could be used for road work. But I do not see how the government can sit back and be complacent about this subject. Out in the ridings we are meeting it every week. The complaint is made time and again: "Why should my boy enlist when an alien does not need to do anything? Why should my boy have to lose his job, only to come back here to find an alien in his place receiving an increased salary, and leaving no chance for my son to get work?" Those things are happening in the country.

Mr. HANSON (York-Sunbury): No doubt about it.

Mr. GREEN: The ministry should not sit back, wash their hands of the question and say, "Oh, everything is all right, on balance; we think it is as well to carry on the way we are doing." It is for reasons like that the government is having trouble in getting recruits, and it will never get them in greater numbers until it tackles questions such as this with a great deal more determination. Here is one way in which recruiting across Canada could be helped. I do urge that the minister ought not to be satisfied to argue himself or to permit himself to be argued by the other ministers into the position of saying, "Oh, well, this question is taken care of well enough; just leave it alone, and carry on the way we are doing." The ministers are living in a fool's paradise if they think they can raise recruits while things like this are going on in Canada.

Mr. FULFORD: What was done in the conscription act of 1917? Were non-British subjects called to the colours, or called to do any other service for Canada at that time?

Mr. THORSON: I do not think so.

Mr. MacINNIS: I do not think we can liken this war to the war of 1914-18, because this is not a war where national boundaries have played the same part as they did at that time. There are persons here from enemy countries who are as much anti-nazi and anti-fascist as Canadians could possibly be. Until the nations fighting fascism and nazism learn to utilize the services and the will to destroy nazism of all those people who are opposed to it, we are not going to succeed very fast. We are doing that, of course, in the countries overrun by nazis, and possibly in the nazi and fascist countries themselves.

I think there are various means that could be taken to protect foreign persons who are not naturalized Canadians and bring them to the point where they would be at least potential Canadian or British subjects. After they had been in the country for some time they should be compelled to indicate their intention of becoming Canadian citizens, and after they had indicated their intentions their services could be used.

I should like to draw the attention of the committee to a situation on the west coast. There we have many Canadians of oriental or Asiatic origin, many of whom have indicated their desire to enlist in the armed forces of the country, to serve wherever they could be used, and their offers have been refused. Why should the services of these people not be used? They wish to give their services, if necessary their lives, in defence of the country which is theirs either by birth or by naturalization.

Mr. THORSON: I suppose that would be because they would not come within the definition I mentioned a moment ago, namely, British subjects ordinarily resident in Canada.

Mr. MacINNIS: They are British subjects; they were either born in Canada or have been naturalized.

Mr. CRUICKSHANK: Does the hon. member want to give the Japs the vote?

Mr. THORSON: The Minister of Finance (Mr. Ilsley) would like to make a statement, and I wonder if we could have a recess in this question period.

The committee rose and obtained leave to sit again at the next sitting of the house.

MAXIMUM PRICE REGULATIONS

POSTPONEMENT OF EFFECTIVE DATE FROM NOVEMBER 17 TO DECEMBER 1

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I wish to say that on the recommendation of the war-time prices and trade board the government has decided to postpone the effective date of the maximum prices regulations from November 17 to December 1. The reason for the postponement is to ensure the most effective possible administration and enforcement of the regulations from the moment they come into operation. No change in policy is involved. The board is anxious to have a complete organization equipped and ready to deal with any kind of problem or difficulty which may arise when the new price policy goes into effect. Considerable progress

has already been made, but there remain some important appointments of necessary commodity administrators to be made, and the organization of staff is not yet complete.

Mr. Hector McKinnon, chairman of the wartime prices and trade board, informs me that careful consideration is being given to the many questions which have been raised by all sections of the public. The board regards it of the highest importance that the new policy should come into operation in a manner which will enable the public, both buyers and sellers, to be given promptly all necessary information, answers to questions, and decisions with regard to the many problems which are bound to arise. The board has accordingly made the recommendation to the minister to defer the date of commencement to December 1.

On motion of Mr. Crerar the house adjourned at 10.55 p.m.

Wednesday, November 12, 1941

The house met at three o'clock.

NATIONAL REGISTRATION

STATISTICAL TABULATIONS AND TABLE OF SPECIALIZED OCCUPATIONS

Hon. J. T. THORSON (Minister of National War Services): I desire to lay on the table a copy of preliminary statistical tabulations of the national registration of August, 1940, and also a copy of "Specialized Occupations, National Registration, 1940."

Mr. DOUGLAS (Weyburn): Will copies of these be sent to hon. members?

Mr. THORSON: I believe that any hon. member can obtain them either from my department or from the Dominion Bureau of Statistics.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PURCHASES OF BRITISH COLUMBIA PLYWOODS FOR MILITARY PURPOSES

Mr. REID:

1. What have been the total quantities of plywoods purchased for military purposes during 1940 and up to September 30, 1941, from firms in British Columbia?
2. What price per thousand was paid for same?
3. From what firms in British Columbia were such plywoods purchased?
4. What was the market selling price for plywoods in British Columbia during the months of October, 1939, January and September, 1940, and September, 1941?

[Mr. Ilsley.]

Mr. HOWE:

1. By the Department of Munitions and Supply—1,220,720 square feet.

A large quantity of British Columbia plywood, used for military purposes, was bought direct by contractors from manufacturers and no record of this is available. The timber controller arranged, however, for this to be supplied by the manufacturer direct to contractors on war projects at controlled prices, the same as government purchases.

2. 5/16 wallboard—$28 per m. square feet, f.o.b. mill carload lots; 5/16 weatherboard—$42.50 per m. square feet, f.o.b. mill, carload lots.

All purchases of plywood made by the department are direct from manufacturers, eliminating distributors' or dealers' profits.

The price paid for all plywood bought by the Department of Munitions and Supply was, and is, a controlled base price set by the timber controller in August, 1940. This controlled price was on an f.o.b. mill basis for standard items, plus actual freight to destination for carload lots, and uniform for all manufacturers. Arrangements were also made for the supply of less than carload lots at the carload rate from points where stocks were held, with the addition of local freight or trucking charges only.

3. The Canadian Western Lumber Company, Fraser Mills, B.C. B.C. Plywoods Limited, Vancouver, B.C.

4. See answer to No. 2. There has been no change in the market selling price of plywoods in British Columbia during the months mentioned, with the exception of the addition of sales tax imposed April 28, 1941.

WAR SAVINGS CERTIFICATES

Mr. CHURCH:

What sum has been spent on war savings certificates campaigns to end of October, 1941?

Mr. ILSLEY: $1,244,129.11.

CONTROLLER OF SUPPLIES

Mr. REID:

1. Has a controller of supplies been appointed? If so, what is his name?
2. What position did he occupy in business at the time of appointment?
3. What company or companies was he a director of or associated with at the time of his appointment?

Mr. HOWE:

1. Alan Holmes Williamson.
2. Vice-president, Wood, Gundy & Co. Ltd.
3. British Columbia Packers Limited (Vancouver).
   Federal Grain Limited (Winnipeg).
   Wood, Gundy & Co. Ltd., Toronto.
   Wood, Gundy & Co. Inc., New York.

1941 WAR LOAN

Mr. NICHOLSON:

1. What was the total amount subscribed in the 1941 victory loan?

2. What were the expenses in connection with the floating of the loan for, (a) advertising; (b) commissions; (c) other expenses?

Mr. ILSLEY:

1. $836,820,250.

2. Expenditures incurred in connection with the sale of the 1941 victory loan to October 31, 1941:

(*a*) Publicity expenses:		
Newspaper and magazine advertising	$476,677 00	
Posters, including billboard posters and posting	79,565 83	
Radio advertising	86,618 17	
Local advertising	160,888 13	
Other publicity	254,319 85	
	1,058,068 98	
(*b*) Commissions to individual canvassers on general subscriptions		$1,551,713 80
Remuneration to banks, trust and loan companies—service fee for handling and delivering bonds		$1,750,000 00
Remuneration to investment dealers and stock brokers re pooled subscriptions		$3,293,040 00
(*c*) Other expenses		$1,133,748 16

Mr. CHURCH:

1. What was the total cost of the last victory loan, giving details and breakdown totals of rent of premises, salaries, advertising, hire of help, travelling and hotel expenses, commissions and other expenses?

2. How many other victory loans have there been since this war began, and at what cost?

Mr. ILSLEY:

1. Expenditures incurred in connection with the sale of the 1941 victory loan to October 31, 1941:

Preparation and distribution of bonds		$ 363,921 86
Administration expenses:		
Salaries	$149,881 67	
Travelling expenses	285,038 37	
Stationery and office supplies	160,673 25	
Rental of office space	29,006 77	
Sundry expenses, including postage, telephone, telegraph, etc.	145,226 24	
		769,826 30
Publicity expenses:		
Newspaper and magazine advertising	$476,677 00	
Posters, including billboard posters and posting	79,565 83	
Radio advertising	86,618 17	
Local advertising	160,888 13	
Other publicity	254,319 85	
		1,058,068 98
Commissions to individual canvassers on general subscriptions		1,551,713 80
Remuneration to banks, trust and loan companies—service fee for handling and delivering bonds		1,750,000 00
Remuneration to investment dealers and stock brokers re pooled subscriptions		3,293,040 00
Total		$8,786,570 94

2. Public loans issued since the outbreak of war have been the first war loan issued in January, 1940, and the second war loan in September, 1940.

First War Loan—$250,000,000	
Total expenses incurred in connection with the sale of the loan	$2,170,920 14
Second War Loan—$324,945,700	
Total expenses incurred in connection with the sale of the loan	$2,735,645 28

HOUSING PROJECTS

Mr. NICHOLSON:

1. How many houses have been built by the national housing administration to date?

2. What was the total cost of the national housing projects to the federal treasury?

3. How many are employed on the staff of the national housing administration?

4. What has been the cost of administration to date?

5. What is the average cost of national housing administration houses with full basement and permanent structures, built during 1941?

Mr. ILSLEY:

1. As at October 31, 1941, 17,966 loans providing 22,450 family-dwelling units have been approved under the National Housing Act, 1938, and its predecessor act, the Dominion Housing Act, 1935, in the amount of $75,053,658.

2. Advances aggregating $16,446,023 have been made by the dominion to October 31, 1941, representing its share of approved loans disbursed to that date.

3. As at October 31, 1941, there were 45 employees on the staff of the housing branch of the Department of Finance which administers the National Housing Act and the Home Improvement Plan.

4. The expenses of the housing branch from its inception in 1935 to October 31, 1941, total $355,120.42.

5. In the period January 1, 1941, to October 31, 1941, 4,390 loans in the amount of $13,712,458, providing 4,390 family-dwelling units have been approved. The average loan was $3,123, the average appraised value of the houses constructed (including land) was $3,750 and the average estimated cost of the houses constructed (including land) was $4,000.

*PURCHASE OF EELS, ISLE OF ORLEANS, QUE.

Mr. ROY:

1. In or about the month of October, 1940, did the government purchase or cause to be purchased or sold through the intermediary of a Mr. Britton or any other person, a quantity of eels from the Eel Fisheries Cooperative Association of the isle of Orleans, Quebec?

2. If so, was this fish paid for, and (a) by whom; (b) to whom was payment made; (c) upon what date?

3. If not, does the government possess any information on this or any similar transaction?

Mr. MICHAUD:

1. No.

2 and 3. No information.

[Mr. Ilsley.]

QUESTION PASSED AS ORDER FOR RETURN

SHIPBUILDING

Mr. REID:

How many of the ships built or being constructed in Canada have been or are being built for, (a) Great Britain, (b) United States, (c) Canada, and at what cost in each instance?

MOTIONS FOR PAPERS

ENGLEFELDT, SASK., POSTMASTERSHIP

Mr. MacINNIS (for Mr. Coldwell):

For a copy of all letters, telegrams, recommendations, reports and other documents, in the posession of the Post Office department, relating to the resignation of the postmaster at Englefeldt, Saskatchewan, and the appointment of a successor.

PETROLEUM PRODUCTS—PRICES AND CONTROL

Mr. MacINNIS (for Mr. Coldwell):

For a copy of all correspondence, communications, orders in council and other documents in the possession of the government, relating to authorizations for increases in the prices of oil and gasoline and control of the oil industry and service stations.

Mr. HOWE: I would like to point out to hon. members that the request for a copy of all correspondence, communications, etc., represents a tremendous volume of inquiry. I am told that it would take a staff of stenographers at least six months. It means copying almost every file in the possession of the oil controller. If the motion could be limited to orders in council and pertinent documents, perhaps the mover could obtain all the information he desires, and it would then be in practical form for an earlier return.

Mr. MacINNIS: I think that will be satisfactory.

TRADE AGREEMENTS

RESULTS OF VISIT OF THE MINISTER OF TRADE AND COMMERCE TO CENTRAL AND SOUTH AMERICA

On the orders of the day:

Mr. E. G. HANSELL (Macleod): I should like to ask the Minister of Trade and Commerce if it is his intention to make any statement to the house on the results of his recent visit to central and south America, and will there be any place for discussion of the matter in the order of business of the house?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The present intention is to submit the treaties formulated between the various countries of south America and Canada to the next session of the house, at which time there will be opportunity for full discussion and a full report on the negotiations in connection with the treaties.

LABOUR CONDITIONS

THREATENED STRIKE IN KIRKLAND LAKE DISTRICT MINES

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): In view of the fact that the Kirkland Lake situation has developed to the point where a strike will be called to-morrow morning if there are no negotiations with the operators by seven o'clock this evening, would the Minister of Labour care to inform the house what steps have been taken by the government since the taking of the vote to offset a strike in that section?

Hon. N. A. McLARTY (Minister of Labour): The hon. member was good enough to give me notice of this question. As he knows, on Monday last a communication was sent by the union to the mine operators asking for a conference, and a time limit was put at seven o'clock to-night. I have not had an opportunity of learning what reply, if any, has been given to that communication. But to-day I telegraphed the representative of the mine operators and the representative of the union asking that they send representatives to Ottawa next Monday to give consideration to the whole matter and see whether or not some formula can be worked out to avoid a strike. I have requested that in the meantime no strike action be taken.

DECENNIAL CENSUS

DELAY IN PAYMENT OF ENUMERATORS

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): I should like to ask the Minister of Trade and Commerce a question with regard to the census taken last June. I learned to-day that at least some of the enumerators who helped take that census have not yet been paid in full. Could the minister tell the house when such payment will be made? I believe some of these men are badly in need of the money.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am advised that there are some 17,000 of these enumerators' accounts. The accounts reach my department through the census commissioners. There is considerable necessary delay in the compiling of these accounts by the enumerators and the census commissioners. As soon as they are received a cheque for sixty per cent of the bill is issued from this department, and the balance of the amount goes forward as soon as the account is checked. In many cases considerable correspondence is required before the accounts can be passed for payment. I am told that correspondence is necessary in connection with a large percentage of these accounts; this has always been found to be the case. Most of the accounts, however, are now in, and I am advised that cheques are being issued at the rate of over six hundred a day.

WHEAT

REPORTED SALE OF 150,000,000 BUSHELS TO THE BRITISH GOVERNMENT

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I desire to direct a question to the Minister of Trade and Commerce. I know he is very anxious to make a statement about the sale of wheat. My question is based on a report appearing in the Winnipeg *Tribune* of November 1 from Charles Bishop, press correspondent. It states that the Ottawa *Journal* carried a story that on the preceding Friday the biggest transaction in the history of Canadian wheat took place, namely, sale by the government to the British government of 150,000,000 bushels of wheat. The reporter said that when he interviewed the minister the minister declined at the time to make any definite statement, but said he would have something interesting on the subject very soon. Twelve days have since passed. Would the minister care to make that interesting statement now, or if he is not prepared to-day, to-morrow?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): No sale by the Canadian wheat board to the cereals import commission of the British government has been completed. I think it is in order for me to state that negotiations are in progress at the present time, but no sale along the lines of the press dispatch referred to or any other lines has so far been consummated.

HOUSING

SEGREGATION OF WAR CONSTRUCTION COSTS FROM OTHER EXPENDITURES

On the orders of the day:

Mr. N. J. M. LOCKHART (Lincoln): May I ask the Minister of Munitions and Supply if he will be good enough, when submitting the information in connection with wartime housing, to segregate the construction costs of housing from such expenditures as roadways, playgrounds and the like?

Hon. C. D. HOWE (Minister of Munitions and Supply): I shall be glad to do that.

THE WAR

MR. CHURCHILL'S DECLARATION OF BRITISH POLICY IN THE EVENT OF POSSIBLE DEVELOPMENTS

On the orders of the day:

Hon. H. A. BRUCE (Parkdale): I should like to direct a question to the Prime Minister. In view of Prime Minister Churchill's declaration of British policy on Monday last, when he said:

> I take this occasion to say—and it is my duty to say it—that should the United States become involved in war with Japan the British declaration will follow within the hour.

Will the Prime Minister state if it is the intention of the government to subscribe to this declaration of British unity with the United States?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, the attitude of the government of Canada towards Great Britain and towards the United States and towards British-United States relations is well known throughout Canada, throughout the United Kingdom, throughout the United States, and I think I might add, throughout the world. More than this I do not think I should say at this time.

MOBILIZATION OF CANADA'S RESOURCES—REPRESENTATIONS OF CANADIAN LEGION

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I wish to direct a question to the Prime Minister. On October 22 the dominion executive council of the Canadian Legion appeared as a delegation before the government and requested a complete mobilization of Canada's resources on a total war footing. Would the Prime Minister inform the house what is or has been the answer of the government to such representations, and if no answer has yet been given will the Prime Minister give a statement of the government's present position with regard to the question of a complete mobilization along the lines of the memorandum submitted by that delegation?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend will have to ask the members of the delegation as to the reply I made to them at the time. As I recollect it, it was to the effect that their representations would be carefully considered by the government. As to any statement of major policy on the part of the government, as I intimated yesterday a statement of the kind will be made, not at the end of a session but at the beginning of a new session of parliament, and will be made in a way which will permit of the fullest debate and discussion in this house.

INTERNATIONAL SITUATION SINCE JUNE 14, 1941—CANADA'S WAR EFFORT

The house again in committee of the whole, Mr. Vien in the chair.

Mr. DIEFENBAKER: With the leave of the committee I should like to ask for an answer to the question I asked yesterday of the Minister of Munitions and Supply in regard to the aircraft manufactured or assembled in Canada. I believe the minister is in a position to answer now.

Hon. C. D. HOWE (Minister of Munitions and Supply): I have the information. The number of aircraft manufactured in Canada from September 3, 1939 to November 1, 1941, is 2,228. The number of aircraft assembled in Canada during the same period was 2,243, which figure I believe includes planes from the United States as well as planes from England. This makes a total of 4,471 planes.

Mr. HARRIS (Danforth): Could the minister of National War Services make a statement with regard to the coordination of the activities of the many war charities now carrying on in this country? Perhaps before he answers that question I might make one or two observations.

Splendid work is being done by the many women's organizations, who give of their time, energy and money to a most remarkable degree. But it does seem in many cases that they do not have sufficient guidance as to the results of their efforts, or as to whether they are doing the most economical and most satisfactory type of work. For example, only a day or two ago Miss Macphail, formerly a member of this house, made the statement in the press that ladies in the district around the town of Durham, I think it was, might better be employed making children's dresses instead of knitting socks, which can be turned out by machinery so much more quickly and more cheaply than they can be knit by hand. In Toronto the same condition exists. I wonder if the minister's department could not indicate to these organizations the sort of work they might do to the best advantage. If there were someone in each district as a regional officer, if you will, charged with responsibility directly from the department, who could find out from the department the type of work that might be done to best advantage, it would be of considerable help. Even if that information could be circulated in the press it would be of some assistance.

There is another point I should like to bring to the attention of the minister. In most areas this work is carried on by groups of ladies who congregate in church basements, private homes, or, as in the case of Toronto, in vacant store properties, which they turn into a sort of headquarters. Perhaps the minister's department might give some consideration to this suggestion. Where a store property has been turned over to an organization of this kind, entirely without charge, could the owner be exempted from payment of income tax on the amount of property tax he has to pay on that building, or even to the extent of the carrying charges on the property? If that could be done I believe many desirable centres would be opened up in various communities where this work could be carried on in a much more efficient manner. Then there is the further point that when these groups meet in private homes there is a tendency on the part of many people to entertain perhaps a little extravagantly. If these activities could be organized more efficiently much better results might be achieved.

Hon. J. T. THORSON (Minister of National War Services): When I first appeared before the committee I referred in a very general way to some of the points which have been mentioned by the hon. member for Danforth, and at that time indicated that my department was coming to the view that the time had arrived when we did not wish any increase in the number of war charities or in the number of war activities of a charitable nature, but that we were hoping that the men and women of Canada would give consideration, in respect of their various war charities, to the coordination of their efforts rather than to any expansion of the field of activity.

As hon. members are aware, every application for permission to engage in a war charity must be made to the war charities division of my department in order that a permit may issue under the provisions of the War Charities Act. Every application for such a permit is carefully considered by the officers of the department before a permit for the registration of a war charity is granted under the provisions of that act. There are a number of activities which are of a more spectacular nature, shall I say, than others. Certain activities make a very attractive appeal to the men and women who are engaged in them, but it does not necessarily follow that these activities are the most desirable, or that the men and women taking part in them are thereby making their greatest contribution. If I were to make one general observation in reply to the question asked by my hon. friend it would be this, that the men and women of Canada should get behind the great national drive that will take place in the spring of 1942. I refer to the joint drive in which the great national war auxiliary services organizations will take part, and in which the Canadian Red Cross society also will participate. I could discuss the activities of these services, but the general observation I would make would be that instead of multiplying the number of separate activities of this kind, the men and women of Canada might well get behind the national drive that is to take place this coming spring.

The national war auxiliary services organizations such as the Canadian Legion, the Knights of Columbus, The Salvation Army, the Y.M.C.A., the Y.W.C.A., and another which is going to take part in the next drive, the Navy League of Canada, are in the main performing auxiliary services for our troops both in Canada and abroad. On the other hand the Red Cross society is performing its splendid services in accordance with its traditional position as an instrument of mercy in time of war. Its activities have been tremendously increased. Up to recently, for example, it was packing 10,000 parcels a week for prisoners of war. That activity has been increased to 35,000 parcels per week. In addition, it is engaged in activities of a nature which give aid to the bombed victims of Great Britain. It has been performing a splendid service in its blood donor arrangements. All these activities are of a great and humane kind. The operations of such an organization deserve the support of every man and woman in Canada, and I should like to see the men and women of Canada who are anxious to make some kind of contribution to the war effort make it in that field and in support of that drive, rather than in a multiplication of war charities of one kind and another. I shall have more to say about the national drive later when we have fixed upon the date and our plans for its success are further advanced.

I do take this opportunity however to urge upon the men and women of Canada that

they must make an absolute one hundred per cent success of the approaching drive. It will be a large one, in the field from $17,000,000 to $20,000,000. That is a large amount of money, but the Canadian people have never failed to respond to a single appeal that has been made thus far, and I devoutly hope—indeed, I know—that they will not fail to respond in this instance.

Mr. ROSS (Souris): As the minister has pointed out, these moneys are pretty well regulated and governed by the government. It arranges for the work to be done by the organizations to which he has referred. Since it is work to aid our soldiers, could the money not be taken from the national revenue rather than through a national drive? The people are heavily taxed and regulated as it is; could we not avoid the canvassing which is done repeatedly across the country? With all the safeguards and regulations enforced by the government on the expenditure of this money, which is to be used for the assistance of our troops, it strikes me it would be better to take the money out of the national revenue.

Mr. THORSON: No, that is not my view. It may be necessary for the government to undertake the financing of some of the auxiliary services now rendered to our troops by the national organizations I mentioned a moment ago. I am definitely of the opinion, however, that there is a tremendous value in having the thousands of men and women identified with these organizations engaged in the task of assisting in the auxiliary services. The services of the Red Cross, by reason of its inherent nature, must be voluntary. So far as the auxiliary services are concerned, I see a great advantage in having thousands of men and women across Canada actively associating themselves with the promotion of these services to our troops. It would be much easier for the auxiliary service organizations to get their money direct from the treasury, but I am satisfied the country would lose something of incalculable value if this voluntary effort were replaced by putting the whole burden on the federal treasury.

Mr. HANSON (York-Sunbury): Is the minister in a position to make a statement in reply to the observations made last night with respect to the potentialities of our man-power, broken down in the manner I indicated?

Mr. THORSON: Yes. I had intended to reply as soon as possible to the questions asked yesterday by the leader of the opposition. He asked me to give a specific statement of Canada's potential man-power capacity as disclosed by the national registration. At the opening of the house to-day I tabled a preliminary statistical tabulation resulting from the national registration of August, 1940. I also tabled a publication entitled Specialized Occupations, National Registration. This latter document breaks down the results of the registration in a variety of ways. There are a number of interesting and useful tables in that publication.

The first of these tables shows the numerical and relative distribution by provinces of persons reporting specialized occupations. There are some 1,250 of these specialized occupations. The second table indicates this distribution according to age groups for each province separately, and for the dominion as a whole. The third table is similar to the second one, except that the classifications are by present status—that is, as employer, own account, employee, and so on. Table No. 4 classifies some thirty main occupational headings according to ten-year age groups. These are shown only for the dominion.

Table No. 5 is similar to No. 4, but shows this classification arranged according to present status. Table No. 6 is a most complete and detailed one. It represents the principal tabulations of the report, and classifies the registrants according to some three hundred main occupations, stating sex, and giving the information for Canada and for each of the provinces. The basic information and results respecting the national registration, so far as specialized occupations are concerned, are shown in this publication.

Then my hon. friend asked me to table a statement of the total number of men of military age in Canada between the ages of 21 and 45. This statement shows the numbers of single men and widowers (without children) between the ages of 19 and 45, classified by provinces. The total is 989,739. With the consent of the committee I should like to place this table upon *Hansard*:

NUMBER OF SINGLE MEN AND WIDOWERS (WITHOUT CHILDREN) 19 TO 45 YEARS OF AGE CLASSIFIED BY PROVINCES

Age Groups	Ontario	Quebec	Nova Scotia	New Brunswick	Prince Edward Island	Manitoba	Saskatchewan	Alberta (incl. Yukon)	British Columbia	Totals
19	29,919	29,641	4,714	3,768	702	6,248	8,719	6,936	5,459	96,106
20	27,690	27,845	4,514	3,681	638	6,071	8,551	7,031	5,154	91,175
21	23,613	23,817	4,026	2,984	660	5,374	7,471	6,081	4,403	78,429
22	22,150	23,913	3,692	3,031	556	5,099	7,018	5,659	4,222	75,340
23	21,298	22,084	3,275	2,615	530	4,793	6,565	5,194	4,147	70,501
24	19,576	19,591	3,122	2,415	488	4,345	5,863	4,723	4,040	64,163
25	17,794	17,368	2,909	2,085	435	4,081	5,154	4,292	3,913	58,031
26	16,155	15,862	2,617	1,966	434	3,655	4,523	3,937	3,496	52,645
27	13,692	13,952	2,316	1,702	371	3,105	3,905	3,148	3,017	45,208
28	12,278	12,132	2,117	1,492	367	2,690	3,305	2,898	2,569	39,848
29	10,788	10,350	1,831	1,289	320	2,381	2,932	2,604	2,263	34,758
30	9,732	9,577	1,708	1,171	274	2,004	2,537	2,351	2,102	31,456
31	8,410	7,868	1,399	942	254	1,739	2,197	2,043	1,903	26,755
32	8,089	7,191	1,343	959	228	1,633	2,201	1,934	1,813	25,391
33	7,142	6,478	1,232	766	204	1,369	1,765	1,945	1,683	22,584
34	6,864	5,563	1,032	699	185	1,332	1,661	1,749	1,490	20,575
35	6,878	5,345	987	684	175	1,321	1,624	1,750	1,667	20,431
36	6,506	4,934	900	587	159	1,209	1,545	1,719	1,491	19,050
37	5,705	4,388	777	504	145	1,103	1,438	1,540	1,443	17,043
38	5,575	4,070	770	513	150	1,025	1,391	1,546	1,372	16,412
39	5,113	3,729	666	481	138	963	1,265	1,382	1,338	15,075
40	4,893	3,485	735	484	124	845	1,226	1,271	1,320	14,383
41	4,155	2,769	573	401	104	768	945	1,063	1,126	11,904
42	4,204	2,807	565	383	110	740	949	1,001	1,041	11,800
43	3,812	2,574	505	385	96	673	869	1,029	864	10,807
44	3,732	2,418	536	348	82	666	866	932	973	10,553
45	3,416	1,976	477	314	75	645	808	736	869	9,316
Total	309,179	291,727	49,338	36,649	8,004	65,877	87,293	76,494	65,178	989,739

Mr. HANSON (York-Sunbury): Has the minister a summary which could be placed upon *Hansard?* I assumed that his departmental officials would have given him a summary which we could take as a general statement and then have the tables to come and go upon.

Mr. THORSON: I am trying to respond to the questions asked by the leader of the opposition.

Mr. HANSON (York-Sunbury): Perhaps I have not approached the matter in the right way.

Mr. THORSON: I think the information given in this table is what my hon. friend desires. With the permission of the committee I should like to place upon *Hansard* a table showing the number of single men and widowers (without children) 19 to 45 years of age, classified by administrative divisions. I think this table will answer specifically the question to which I referred a moment ago. The table follows:

NUMBER OF SINGLE MEN AND WIDOWERS (WITHOUT CHILDREN) 19 TO 45 YEARS OF AGE CLASSIFIED BY ADMINISTRATIVE DIVISIONS

Age Groups	"A" London, Ont.	"B" Toronto, Ont.	"C" Kingston, Ont.	"D" Port Arthur, Ont.	"E" Montreal, Que.	"F" Quebec, Que.	"G" Halifax, N.S.	"H" St. John, N.B.	"I" Charlottetown, P.E.I.	"J" Winnipeg, Man.	"K" Vancouver, B.C.	"M" Regina, Sask.	"N" Edmonton, Alta.	Totals
19.....	6,392	16,664	5,749	1,114	18,943	10,698	4,714	3,768	702	6,248	5,484	8,719	6,911	96,106
20.....	5,886	15,275	5,477	1,052	17,913	9,932	4,514	3,681	638	6,071	5,188	8,551	6,997	91,175
21.....	4,922	13,071	4,640	980	15,317	8,500	4,026	2,984	660	5,374	4,439	7,471	6,045	78,429
22.....	4,513	12,339	4,310	958	15,111	8,802	3,692	3,031	556	5,099	4,251	7,018	5,630	75,340
23.....	4,255	11,855	4,228	960	14,252	7,832	3,275	2,615	530	4,793	4,198	6,565	5,143	70,501
24.....	3,773	11,021	3,865	917	12,913	6,678	3,122	2,415	488	4,345	4,082	5,863	4,681	64,163
25.....	3,441	9,931	3,531	891	11,289	6,079	2,909	2,085	435	4,081	3,951	5,154	4,254	58,031
26.....	3,004	8,990	3,327	834	10,538	5,324	2,617	1,966	434	3,655	3,556	4,523	3,877	52,645
27.....	2,627	7,650	2,709	706	9,275	4,677	2,316	1,702	371	3,105	3,064	3,905	3,101	45,208
28.....	2,322	6,678	2,627	651	7,988	4,144	2,117	1,492	367	2,690	2,611	3,305	2,856	39,848
29.....	2,140	5,948	2,133	567	6,968	3,382	1,831	1,289	320	2,381	2,300	2,932	2,567	34,758
30.....	1,950	5,245	1,986	551	6,502	3,075	1,708	1,171	274	2,004	2,153	2,537	2,300	31,456
31.....	1,654	4,487	1,783	486	5,398	2,470	1,399	942	254	1,739	1,945	2,197	2,001	26,755
32.....	1,589	4,283	1,776	441	5,008	2,183	1,343	959	228	1,633	1,835	2,201	1,912	25,391
33.....	1,334	3,940	1,426	442	4,504	1,974	1,232	766	204	1,369	1,713	1,765	1,915	22,584
34.....	1,259	3,864	1,272	469	3,909	1,654	1,032	699	185	1,332	1,525	1,661	1,714	20,575
35.....	1,293	3,796	1,252	537	3,855	1,490	987	684	175	1,321	1,686	1,624	1,731	20,431
36.....	1,199	3,701	1,084	522	3,577	1,357	900	587	159	1,209	1,525	1,545	1,685	19,050
37.....	1,088	3,145	986	486	3,255	1,133	777	504	145	1,103	1,467	1,438	1,516	17,043
38.....	1,137	3,027	908	503	3,006	1,064	770	513	150	1,025	1,387	1,391	1,531	16,412
39.....	970	2,752	944	447	2,780	949	666	481	138	963	1,355	1,265	1,365	15,075
40.....	910	2,643	907	433	2,586	899	735	484	124	845	1,344	1,226	1,247	14,383
41.....	875	2,187	751	342	2,109	660	573	401	104	768	1,138	945	1,051	11,904
42.....	840	2,227	807	330	2,083	724	565	383	110	740	1,053	949	989	11,800
43.....	835	1,985	709	283	1,998	576	505	385	96	673	882	869	1,011	10,807
44.....	777	2,015	687	253	1,830	588	536	348	82	666	992	866	913	10,553
45.....	657	1,843	658	258	1,523	453	477	314	75	645	874	808	731	9,316
Total....	61,672	170,562	60,532	16,413	194,430	97,297	49,338	36,649	8,004	65,877	65,998	87,293	75,674	989,739

Mr. THORSON: The leader of the opposition asked that this information be broken down in order to give the various occupations of persons of military age. To comply strictly with that request would involve an enormous tabulation, but I may say that essentially this information is contained in table No. 4 of the publication, "Specialized Occupations, National Registration 1940," which I tabled this afternoon.

Mr. HANSON (York-Sunbury): Have those documents been distributed?

Mr. THORSON: I shall make inquiry, and if not, I shall try to arrange for their distribution.

The hon. member for Grenville-Dundas (Mr. Casselman) asked me to give the numbers in the 21, 22, 23 and 24 year old classes, and also the number in each class that had been notified to report for examination. I have a table giving the number of notices to report for medical examination by administrative divisions and covering the ten monthly training periods. The grand total is 270,114. I have not this information broken up into the different age groups. That is kept in the divisions, but if necessary it could be obtained. With the consent of the committee I should like to place this table upon *Hansard*:

Notices "Medical Examination" Sent Out

Admn. div.	Total of first 9 M.T. periods	10th M.T. period (Oct. 2-41)	Grand total
A.....	22,211	1,112	23,323
B.....	30,610	1,267	31,877
C.....	17,624	682	18,306
D.....	3,594	....	3,594
E.....	58,328	1,739	60,067
F.....	37,263	2,240	39,503
G.....	9,335	219	9,554
H.....	11,203	361	11,564
I.....	1,536	52	1,588
J.....	15,595	356	15,951
K.....	19,187	189	19,376
M.....	16,557	....	16,557
N.....	17,586	1,168	18,754
Totals....	260,729	9,385	270,114

Mr. HANSON (York-Sunbury): Could the minister arrange to obtain that information from the divisions and make it public in some way at a later stage? I think that information is essential.

Mr. THORSON: Yes, that could be done; the information could be obtained from the divisions and the total given here could be broken down into the different groups.

Mr. DOUGLAS (Weyburn): Could the minister tell the committee how many men this year have come within the age groups that might be called under the regulations? As I remember, the estimate last year was that 90,000 men had reached the age of 21 years, and estimates were given for those who had reached 22, 23 and 24 years. The minister gave us a figure of 270,114 as the total of those who had received notices. I should like to get the total number of those who have been called and the total number who have actually gone into training during this last training period.

Mr. THORSON: I gave that information when I made my first presentation to the committee. I gave the number of men who had actually reported to the training centres.

Mr. DOUGLAS (Weyburn): As related to the total number who were available within the age groups?

Mr. THORSON: Yes.

Mr. DOUGLAS (Weyburn): Has the minister the percentages?

Mr. THORSON: Yes, I gave that.

Mr. McGREGOR: Yesterday the minister placed upon *Hansard,* page 4281, a table which shows the postponements according to provinces and occupations. We asked, however, for the number of applications in each province and the number of men called from each province. If the minister can furnish such a table it will cover the situation.

Mr. THORSON: I appreciate that the hon. member asked two questions and that I gave an answer with regard to only one of them, the number of postponements that had been granted. I have not before me the number of requests which have been made in each division. As one will readily appreciate, we have been getting this statistical information together as rapidly as we can. We would have to get that information from the divisions.

Mr. McGREGOR: Can the minister give us the number of men called for training in each province?

Mr. THORSON: The hon. member means a division of the requisition that we get from the Department of National Defence?

Mr. McGREGOR: I suppose that is where you get it.

Mr. THORSON: The hon. member means the number of notices sent out in each province?

Mr. McGREGOR: Yes.

Mr. THORSON: That can be obtained.

Mr. NICHOLSON: Referring to the table which appears on page 4281 of *Hansard,* I should like to direct attention to the figures under the heading "All other reasons except conscientious objectors." The figures for Ontario and British Columbia seem to be quite large, being 2,752 for Ontario as compared with 449 for Quebec and 1,682 for British Columbia as compared with 94 for Saskatchewan and 579 for Alberta. Could the minister give us some further information as to what groups are included here?

Mr. THORSON: I suppose that information could be obtained. This column covers a multitude of special cases.

Mr. NICHOLSON: What, for example?

Mr. THORSON: At the moment I cannot think of any large group of cases. There might be persons in cities, towns and villages who do not come under any one of the specific occupations such as farming, lumbering, trapping, fishing, and so on. They might be employed not in war-time or other industry, but in any one of a number of other occupations of a civilian nature.

Mr. NICHOLSON: Is there any reason for those two provinces having such large percentages under that heading. This is a pretty comprehensive table, including farming and other industries, and the number of postponements for two provinces is very large as compared with the other provinces. I think some explanation should be given.

Mr. THORSON: There might be mining, for example.

Mr. NICHOLSON: Other industries?

Mr. THORSON: Not necessarily.

Mr. NICHOLSON: Would that not be an industry?

Mr. THORSON: I would not like to say, but this covers a multitude of civilian occupations. This total of which we have been speaking covers 1,250 specialized occupations, many of which would not be included in war-time or other industries. Nevertheless it might be an occupation, without being employment in an industry. The final heading would cover a multitude of occupations. But if it is desired to have a further break-down in respect of these figures I shall be very glad to try to get it for my hon. friend.

Mr. CASTLEDEN: The minister will admit that there is a very wide difference between the numbers granted postponement in the different provinces. The number is 94 for Saskatchewan, 1,682 for British Columbia and 579 for Alberta. It would seem to indicate a wide difference in the attitude of the various boards granting postponement.

Mr. THORSON: There is nothing of the kind. The boards deal with all applications in the manner we discussed yesterday. I would emphasize again that every single application is dealt with on its merits by the boards. Every board is headed by a judge of a court and has on it two responsible citizens, and in addition the Department of National Defence and the national labour supply council have a right to appear before the board.

Mr. CASTLEDEN: I am not questioning that at all, but I am saying that the very wide difference in the numbers granted postponement seems to indicate a difference in the attitudes taken by different boards.

Mr. THORSON: The chances are that in some provinces fewer persons applied for postponement.

Mr. NICHOLSON: According to the 1931 census British Columbia's population was 694,000 as compared with Saskatchewan's 921,000. Yet I find from this table that the total number of postponements granted in British Columbia is nearly three times the number granted in Saskatchewan, where agriculture represents a very large industry. I would think that those engaged in that industry should be given consideration in connection with postponements. There must be some reason why this particular category should show such a wide difference between the provinces and such a large figure for Ontario and British Columbia. This category has not been broken down. I think the point made by the hon. member for Weyburn (Mr Douglas) yesterday should be stressed and that there should be some way of unifying the procedure so that you would not have such wide differences as, for example, 1,682 postponements granted in British Columbia as compared with 94 in the last category given in the table for Saskatchewan. I think there should be some break-down of these figures.

Mr. THORSON: I have not the slightest doubt that the percentage of requests granted in respect of applications made is about the same in all the provinces and that there were fewer requests for postponement made under that heading in Saskatchewan than in the other provinces. The percentage of applications granted in respect of requests made under this heading is 83·1 per cent for the nine military training periods.

Mr. CASTLEDEN: Has the minister those percentages for British Columbia, Saskatchewan and Alberta?

Mr. THORSON: Saskatchewan is division M, and in Saskatchewan in the first three training periods 32 people made application for postponement under this heading and 25 of them were granted. In the remaining periods, from four to nine, 141 applications were made under this heading and 64 were granted. In British Columbia, which I think is administrative division K, in the training periods from four to nine, 1,317 applications for postponement were made under this heading and 1,256 were granted.

Mr. CASTLEDEN: That shows a very wide difference. Less than half of the applications in Saskatchewan were granted, and over ninety per cent of the applications in British Columbia were granted.

Mr. THORSON: We do not know what the nature of the occupation was in respect of which applications for postponement were made. You must have all the facts before you, before you can make comparisons.

Mr. CASTLEDEN: I was just taking the figures which the minister gave.

Mr. HOMUTH: The table shows postponements in various industries, farming, lumbering, trapping, fishing, war-time industries, and other than war-time industries. What else could there be?

Mr. THORSON: I think I have already dealt with that question. I have pointed out that in the table to which I referred earlier this afternoon there are 1,250 specialized occupations in Canada, and these other categories might include a multitude of occupations. But if it is desired to have a further break-down that can be done. It would only be illustrative, but if the committee insists, I will have it broken down. That heading would cover a multitude of occupations.

Mr. NICHOLSON: I think it is important that there should be some uniform system. Last night, for instance, a good deal was said about hockey players in Manitoba being refused permission to leave Canada. They thereupon established residence in Ontario and in a very short time got permission to leave Canada. Again, I cannot imagine that the difference between Ontario and Quebec is so

marked that seven times as many postponements should be granted in Ontario as in Quebec, under the same heading.

Mr. THORSON: Probably because seven times as many were asked for.

Mr. NICHOLSON: It seems to me that, in view of 2,752 being granted in Ontario as compared with 449 in the province of Quebec, there must be some difference in the policy which is carried out in the two administrations.

Mr. QUELCH: Could the minister say whether or not boys born in this country of alien parents are subject to military service at the age of twenty-one?

Mr. THORSON: He is required to register upon attaining the age of sixteen; they all have to register. They are subject to being called if they are British subjects ordinarily resident in Canada.

Mr. HANSON (York-Sunbury): Isn't that a legal question?

Mr. THORSON: That becomes purely a question whether they are or are not British subjects.

Mr. QUELCH: Are they?

Mr. THORSON: Well, I am not going to answer without having the facts with regard to each particular person. I should not like to express offhand a legal opinion on that subject. While we are on the subject of aliens, I put on *Hansard* yesterday a table relating to aliens which indicates that there are far fewer aliens in this country than most people think.

Mr. GREEN: Does that table include the married aliens?

Mr. THORSON: No.

Mr. GREEN: The table itself does not make that clear.

Mr. THORSON: No. I think that that table includes the single men and the unmarried men, because these were the cards that were sent by the registrars of the national registration to the divisional registrars, and the table comes from them. I therefore assume that it includes only the single and unmarried men.

Mr. QUELCH: I do not understand why the minister cannot answer the question I asked. It is quite a simple one, and I will tell him why I asked it. In the district in which I live there are a number of foreigners. Apparently they have never taken out naturalization papers. They have sons of the age of twenty-one who apparently are not being called up, and these boys are continually ridiculing the lads who are called up, saying, "Oh, you should be of our race and then you would not have to serve your country." I think the minister should answer whether or not those boys should be called up. I have been told that every man in this country who is born of alien parents becomes automatically at the age of twenty-one a British subject.

Mr. THORSON: I do not express an opinion one way or the other.

Mr. QUELCH: The minister is a lawyer, and also he is in charge of the department. He should know the answer, and if he does not, evidently the matter is debatable.

Mr. THORSON: I have no intention of expressing a legal opinion on the subject.

Mr. QUELCH: The minister will admit that the United States have already gone farther on this question than we have. They are calling up aliens who have expressed their intention of finally becoming naturalized. Surely we can go at least that far.

Mr. THORSON: We have not the same system as they have in the United States.

Mr. QUELCH: There is no reason why we could not change our system. At the present time, as the hon. member for Vancouver South has stated, there is a great deal of dissatisfaction throughout the country. One finds it very much on the prairies where there are numbers of alien farmers whose sons are not enlisting, and I believe this condition is proving very harmful to recruiting. Surely when a person comes to this country and gets all the advantages of Canadian citizenship he should be prepared to accept the responsibilities involved. It may be necessary to have a thorough overhaul of the matter of naturalization. I am of the opinion that after a person has been in this country for a number of years he should be given the option either of becoming naturalized or of getting out. Why should we allow people to live indefinitely in Canada, obtaining from it every benefit they possibly can, and then refuse to accept their fair share of obligations? This is not a light question; it is one which is coming very much to the front at the present time, because present conditions are doing, as I said, much harm to recruiting. I cannot yet understand why the minister cannot answer a simple question.

Mr. THORSON: Just a moment. I was in the course of replying to the hon. member for Acadia when the hon. member for Vancouver South asked a question—

Mr. GREEN: I beg the minister's pardon.

Mr. THORSON:—with regard to the table which I put on *Hansard* yesterday. I was about to say that that table indicates that the

number of aliens in this country is much smaller than a great many people believe. I believe we are still being unjust to a number of persons of alien origin who are Canadians although they are being grouped with the aliens. Let me say one or two things with regard to that. Some persons whose origins are not alien are saying, "Well, we are not going to enlist until Canadians of alien origin enlist." My information is that many Canadians of certain alien race groups are enlisting in the forces in as great numbers as those of any other racial origin. For example, I am informed that in some parts of Saskatchewan the men of Ukrainian origin are enlisting to a greater extent than men of other origins.

Mr. DOUGLAS (Weyburn): Are they enemy aliens?

Mr. THORSON: No, they are not. Although many people are confused and group them all as foreigners, they are not foreigners.

Mr. CASTLEDEN: How were they treated in the last war?

Mr. THORSON: In the last war there were racial groups of alien origin in which the percentage of enlistments was greater than from the whole Canadian native-born population. People say that the Jews do not enlist. Well, the Jews are enlisting in quite remarkable numbers.

Mr. McGREGOR: Where?

Mr. THORSON: For active service anywhere in the world. The number of Jews in this country is about 170,000. The number of Jews who have enlisted for active service anywhere in the world is somewhere between three and four thousand. It is not a bad average.

Mr. McGREGOR: Is that in Canada?

Mr. THORSON: In Canada, yes. There is a lot of confusion about the term "foreigners", and hon. members ought to try to clarify their views in this regard. The number of aliens in this country is quite small. The number of good Canadians of alien origin is very large; there are two millions of them in Canada. Although people may forget this, they are just as much a part and parcel of the Canadian nation as Canadians of any other origin.

Mr. HANSELL: We are told that only the young men who pass the physical tests and are placed in category A are called up under the mobilization act. If these young men who pass as category A are called up and are later found not to be physically fit, are they put in a lower category and retained in the army? Assuming the answer is yes, I submit that is unfair and irregular. If a young man is called up, and does not pass the tests, he is not in the army, but if a young man is accepted and eventually is put in a lower category, he is in the army. So that one man in category B may be in the army while a thousand other men in category B, of the same age, are not in the army. Let us not fool ourselves; of course, we have conscription in Canada to-day for home defence. Everyone knows that. But if we are going to conscript some in certain categories and leave others of the same age and the same category not conscripted, it is unfair and I would say highly irregular.

Mr. THORSON: Would the hon. member state the specific question he has in mind?

Mr. HANSELL: When a young man who is called into the service and passes his medical test as category A—which I understand is the only category that is called—is put in a lower category, after he has been in the army perhaps for some weeks, is he still retained in the army under the mobilization act? I have a definite case in mind.

Mr. THORSON: I think I indicated that the only persons who are received for military training at the training centres are those who go into category A. When they become attached to a training centre they come under the jurisdiction of the Department of National Defence. They are held by that department for the four months' period of basic training, and so on, and then are held for active service in the Canadian army for service only in Canada for the duration of the war unless otherwise required. The man has become a soldier when he reports to the training centre, and is in the same position as other soldiers. In the active service force there are men in category A, category B and category C, I think. I do not know at what category they start discharging them from the army.

Mr. HANSELL: The position is simply this: you may have a young man called up under the conscription act—that is not what we call it, but that is what it actually is—at the age of twenty-one. He is in the army and in category C or D. Yet there may be thousands of young men twenty-one years of age who are not in the army but might be in category B.

Mr. ESLING: In connection with exemptions, will the minister tell the committee whether the government has been able to cope with the situation arising by reason of the refusal of Doukhobors of military age to respond to the call for training? The minister may remember that to meet this situation it

was proposed to put these young Doukhobors to work on road improvements. They were to receive fifty cents a day and their board. But they simply refused; they would not do it. They are not in training and they are not on the roads. Now, that is a poor incentive or encouragement for young men to enlist, when the Doukhobor element simply flouts the dominion government. What steps are being taken to meet this situation?

Mr. THORSON: I am astonished that the hon. member should ask this question, because he and the hon. member for Yale (Mr. Stirling) are perhaps more familiar with this situation than any other hon. member. Admittedly the situation regarding the Doukhobors is difficult. It has been met in some degree in Saskatchewan. There, as hon. members know, the Doukhobors were gathered together into a community which held its lands through a corporation which, if I recall rightly, was called the Christian Community of Universal Brotherhood. The corporation got into difficulties and heavily mortgaged its lands. The corporation did not pay the mortgage when it fell due, and the holders of the mortgage began sale and foreclosure proceedings. At that time, as I recall, the government of Saskatchewan stepped in to save the persons who were in the community from losing their interest in their holdings, which had been corporation holdings and not holdings by individuals, and permission was given to individual Doukhobors to redeem lands from the mortgage. Thus the holdings of the community, which had been previously in the hands of the corporation, became individual holdings, and the community broke up to that extent.

We have had some difficulty with the Doukhobors in Saskatchewan, but in the main they have complied with the provisions in our regulations for alternative service of a non-military nature. In British Columbia the situation is not as happy.

Mr. HANSON (York-Sunbury): They just defy the law?

Mr. THORSON: The situation is not happy at all. In that province a particular sect of Doukhobors, called the Sons of Freedom, are objectors to everything. They have constituted a grave and serious problem. I may take the house into my confidence to this extent: I must confess that I find it difficult to see any solution to this problem of the Doukhobors. This is not the first administration to come up against these difficulties. You may say, "Yes, put them all in gaol; intern them all." Well, I believe the number of young men liable for military training belonging to this particular sect is about 2,500.

Mr. DUPUIS: Of military age?

Mr. THORSON: Yes; about 2,500 of military age. I do not think anyone here would suggest that they all should be placed in an internment camp. The hon. member for Yale understands this situation. He will remember the difficulties which beset the former administration in dealing with these self-same people. An attempt was made, I think in 1931 or 1932, to deal with this troublesome sect, the Sons of Freedom, in a wholesale way, but all the efforts of that administration proved abortive. I am reluctant to confess it, but I see great difficulties in the way of any solution to this problem, and certainly I would hesitate to intern 2,500 of these people, particularly when this administration has before it the experience of the previous administration in that regard.

Perhaps I have told the committee more than should have been told, but I wanted to take hon. members into my confidence and admit the extreme difficulties which both this and the previous administration have had in connection with this unfortunate sect, the Sons of Freedom.

Mrs. NIELSEN: Perhaps the minister would say what guarantee these people were given when they first came to Canada. I should be interested in learning a little more about that.

Mr. THORSON: I am very glad the hon. member has asked this question. We have a special section dealing with the Mennonites and Doukhobors; and just here I should like to say that we have had very little difficulty with the Mennonites who in the main have been a grand people in this country. Section 18 of the regulations deals with Mennonites and Doukhobors.

Mr. ROSS (Calgary): What regulations are those?

Mr. THORSON: The national war services regulations. Perhaps I might place on record subsection one of that section, since this question has been raised:

> Members of the denomination of Christians called Mennonites and members of the community of Doukhobors who immigrated to Canada pursuant to the arrangements evidenced by the order in council of August 13, 1873, and by the order in council of December 6, 1898, respectively, or the descendants of such immigrants who have continued without interruption to be members of the aforesaid sect or denomination of Christians or of the aforesaid

community of Doukhobors and who have resided without interruption in Canada, shall be entitled, subject as provided in these regulations, to the postponement of their military training.

The order in council of August 13, 1873, dealt with the Mennonites; the order in council of December 6, 1898, dealt with the Doukhobors. I have not the two orders in council before me, but their general tenor, as I recall it, was that these persons were admitted to Canada upon the assurance of exemption from military training. In respect of the Mennonites, that is an engagement that was entered into in 1873. They were the first people of foreign origin to come to Canada in any numbers and are therefore perhaps the oldest of our immigrants of alien origin. That engagement has been lived up to and is incorporated in these regulations. The order in council of December 6, 1898, had to do with the Doukhobors, who came to this country from Russia; and we have sought to live up to the engagements into which the government of that day entered with those people.

Mr. ESLING: The situation referred to by the orders in council which the minister has mentioned is rather different from the situation to which I refer. Here are strong, able-bodied young men, born in Canada—as was every Doukhobor now under the age of forty-two—who refuse to take their training. Very well; the government says, "Instead of going to this military camp we will put you to work on roads." Mind you, the Doukhobors are quite willing to go to work on the roads when they are paid the same as other Canadian citizens; but when it comes to working on the roads in lieu of military training, they simply refuse. The whole programme was set out. These Doukhobors were enumerated; they were told to report for work on a certain section of road, under the control and direction of the provincial government. They were to receive so much a day and their board, but they have simply said, "We will not do it." Does not the minister think it time the government should try to cope with this defiance of the law by the Doukhobors? They are masters of the situation; they know it, and they propose to remain such.

Mr. THORSON: I should be very glad if the hon. member for Kootenay East would suggest a solution to this great difficulty. He knows very well the trouble the previous administration ran into when they tried to deal with the problems that arose at that time. I should be very glad to have any suggestion from him as to how the matter might be dealt with, because I assure hon. members that we have been giving our utmost attention to this question. I must admit that I find it difficult to arrive at any solution.

Mr. ROSS (Souris): To come back to the discussion of aliens, even though there are only some 27,700 aliens of military age, or perhaps only 100,000 aliens all told in the country at the present time, that is no reason why we should shut our eyes to this situation at a time like this. I think the minister's department should see that these people make some contribution to our war effort.

Let me give him one or two concrete examples. Out in my part of the country we have a small industry from whose employees some twelve young men offered their services to the armed forces. They have not all been called yet. An alien went in there and asked the manager of the industry when someone would be called, because he was waiting to take his job. I do not have to tell hon. members about the high feeling which has been running in that community. That sort of thing, prevalent throughout Canada, certainly does not tend to assist recruiting.

I know of another man who has enjoyed citizenship in Canada for the past twenty-five years, and has made a lot of money in this country. He has done nothing for the war effort, financially or otherwise. At times such as this I have always thought that any alien, after so many years' residence in the country in normal times, should be forced to become naturalized. Probably that could not be done at present. But irrespective of that, I do suggest the minister's department should insist that these people make some contribution to the country at the present time. They have enjoyed residence here for some years; they have enjoyed our citizenship and our freedom. It is not fair that our own boys, born in this country, should fight for their protection; and I suggest the minister's department should see that they are called upon to make some contribution. It would have a good effect on the recruiting campaign, and surely that is the least that should be done.

Mr. HANSON (York-Sunbury): The minister's reply to the hon. member for Kootenay West was in effect an admission of defeat.

Mr. THORSON: An admission of very great difficulty.

Mr. HANSON (York-Sunbury): Does the minister think that that is good enough, at this point in Canadian history? If these men will not go to work on the roads, why should they not be conscripted? If a young Canadian

in Fredericton who is twenty-one years of age is called under the mobilization act and does not respond, what happens to him? A guard comes along and takes him away, and he is put into the ranks. That is what happens to the boy in Fredericton or in any other place in Canada. But in Brilliant, we will say, that may not happen; is that sort of thing to be tolerated in Canada? I put it to the minister: it will not do for him to say to the hon. member for West Kootenay that if he has a policy he ought to advance it. The responsibility is the minister's, and the minister cannot get away from it. I hope he will not try to get away from it. Let the minister grapple with these problems by adopting one course or another—and, as I see it, there are only two courses. Either he must put that man in uniform, or put him on the road, and let the majesty of the law be vindicated. Do not let it be said that these men defy the government of Canada in war time. If the minister would take that stand the whole country would support him.

Mr. REID: Or any other minister.

Mr. HOMUTH: Yesterday I stated in the house that on two occasions a ruling has been given by the Department of Justice that these two orders in council apply only to the original settlers coming to Canada, and not to their descendants born in this country. I believe that is the correct interpretation

I feel, as do many others, that if these men who enjoy all the freedom and privileges of the country are not obliged to play their part in the war, why should I? Why should any other man? That may be a low attitude to take; it is not a loyal attitude, but nevertheless the feeling is there. It would seem that the government was trying to save face when Mr. Justice Davis called all members of the house together to discuss this war service act. On that occasion I said, "Are there any exemptions?" And he replied, "No; there are no exemptions under the act." Finally he did say, "There are exemptions from war services for Doukhobors and Mennonites." The feeling went out through the country that this was unfair. The thousands of young Mennonites and Doukhobors born in Canada enjoy all the privileges of entering industry—because they certainly do not all stay on the farms. They receive good wages, and they are exempt from war service, not because of any law on our books, but because the administration says, "We will consider the same law applies to them as applied to their parents and grandparents, when they came out here."

The government then said, "Here is what we will do: we will take them into camp we will show the people of Canada that these Mennonites and Doukhobors are to be conscripted"—not to fight for the country, but to build more roads so that tourists may drive over them years hence. It is a profitless waste of energy and money. In the county of Waterloo and the surrounding district, young Mennonites have been taken off the farms, and they have been told by the government, "You are not to be conscripted for war service." All right if that is the government's attitude, we will abide by it. But those boys have been taken off the farms and sent to the camps to build roads—useless roads—while the crops have been left lying in the fields. We cannot get exemption for those men. It is a strange policy. It seems that we want more food and are telling the farmers to produce it, but in order to save the face of the government, in connection with granting exemption to those who, under an old agreement, ought not to be entitled to it, these men are being taken off the farms and sent into camps to build useless roads while the crops lie wasting in the fields. I know of farmers working 200, 225 or 250 acres of land. A man holding an acreage of that size, and doing mixed farming, has a great deal of work to do. He would have 20, 25 or 30 head of cattle to milk every day, and certainly he could not do it alone. Some of those farmers are selling their herds and giving up their farms. Pick up any weekly paper and we find that there are more auction sales on farms to-day, in the third year of the war, than there were during the depression. Those farms are being sold, not because the farmers could not make farming pay if they were given an opportunity, but because the government is taking the men off the farms and sending them to do useless work.

Surely the whole picture should be reviewed. It is not conducive to our war effort. True, postponements for from three to six months may be obtained. But last week I was told about two farmers who had applied for postponements for their boys who had been helping them on their farms, and they were told, "You may have a postponement until January, but then they must come in." Cows have to be milked in January just the same as in June. Perhaps we ought to get down to earth in this matter and distribute the work according to the jobs the men are going to do, so that we may have better service than we are now getting.

Mr. GILLIS: I do not believe the minister has taken a firm enough stand in regard to Doukhobors. One hon. member has asked the specific question why Doukhobors should not

be conscripted and compelled to engage in military occupations. Last year a book entitled "Slava Bohu," by James Wright, of Saskatchewan, was published; I suggest that the minister read it. The Doukhobors to-day are in exactly the same position as they were when they were exiled from Russia. They are stating that they are persecuted because of their religious beliefs. According to my understanding of the story revealed in the book, these people were brought to Canada for the purpose of providing cheap labour for the Canadian Pacific Railway. That at least was the original idea.

Mr. HANSON (York-Sunbury): No, no.

Mr. GILLIS: That was the original project in which they were engaged.

Mr. HANSON (York-Sunbury): The Canadian Pacific Railway had nothing to do with bringing them out.

Mr. GILLIS: Anyway they built it for practically nothing. At that time the Canadian government gave a solemn undertaking—

Mr. THORSON: They came in as part of a movement from the old world to the new by people who were filled with the hope of opportunities in the new world that were not open to them in the old world.

Mr. HANSON (York-Sunbury): They were brought in by the Sifton colonization scheme.

Mr. THORSON: He was personally responsible for bringing in the Doukhobors, and he brought in a lot of other people. The experience has been good and their value to this country has been great.

Mr. GILLIS: Some people in this country made a lot of money out of them.

Mr. THORSON: Many of them have done very well.

Mr. GILLIS: At that time the Canadian government gave a solemn undertaking that their religious beliefs would be respected. That is the point I want to make. Unless we want to go farther than we have gone in imitating Hitler we should not start off by tearing up these obligations.

Mr. THORSON: The government has not the slightest intention of dishonouring those obligations; the government is honouring them both according to the letter and according to the spirit. These men have conscientious objections upon religious grounds, they believe that it is their duty to their God, as they see it, not to bear arms. While we may not be able to see alike with them, nevertheless that is their point of view and this government intends to honour its obligations to them.

[Mr. Gillis.]

Mr. JOHNSTON (Bow River): What about Jehovah's Witnesses?

Mr. THORSON: They are members of an illegal organization. They are in quite a different category.

Mr. BROOKS: Compel them to do some war work; that is the point.

Mr. GILLIS: The minister has admitted that this is a problem and that he did not know just what they were going to do with them. I do not think there should be any doubt in the mind of any minister of the government in this matter. We guaranteed certain rights to these people and we should stand behind that guarantee. As I remember the story, the building of a road is considered to be work of a military character as far as the Doukhobor's religion is concerned.

Mr. THORSON: I think the hon. member is in error in regard to that. The regulations contemplate alternative service of a non-military character in the case of persons who have been found by the boards to come within the categories covered by the regulations.

Mr. GILLIS: I agree that those are the regulations, but that is not the Doukhobor's conception of his religion. Not only does he believe that he should not bear arms; he believes that he should not engage in any military project.

Mr. THORSON: Propaganda has been spread through some parts of the country to the effect that the Doukhobors are being ordered into military projects in breach of our engagement to them. An effort is being made to have the Doukhobors not comply with the provisions of the regulations relating to alternative service. These regulations are administered by a civilian department. Alternative service in the main is performed in camps operated by the Department of Mines and Resources and is carried on largely in the national parks. The Department of National Defence has no say whatever in the matter of alternative service. Those who put out propaganda that this alternative service is a breach of the engagement which Canada entered into with these people are guilty of subversive action and strong efforts will be made to stop this propaganda.

Mr. GILLIS: I only wanted to make it clear that we have an obligation to the Doukhobors with respect to war service. Am I right in assuming that some of the men called up for road work and paid at the rate of fifty cents a day are already employed? Is it proposed to take some of these men from employment and put them at road work at fifty cents a day?

Mr. THORSON: No. However, I would not want to generalize. Persons have come before the board and have claimed the right to a postponement of their military training upon the ground that they are either Mennonites, Doukhobors or conscientious objectors. The board then determines whether such persons come within any one of these categories, and, if so, directs the alternative service that they shall be called upon to perform. At the present time this alternative service is being performed in the main in our national parks under the direction of the Department of Mines and Resources. This is pursuant to an agreement relating to the matter between the Department of Mines and Resources and the Department of National War Services.

Mr. DOUGLAS (Weyburn): Why should not they receive the same treatment they would be given if called for military training? For instance, the Doukhobors in Saskatchewan have cooperated most commendably in the matter of alternative service.

Mr. THORSON: Not too well, but better than their brothers in the province farthest west.

Mr. DOUGLAS (Weyburn): I know something of the men who had a part in persuading the Doukhobors to cooperate in this regard, and I know they have cooperated much better than some of these men thought they would, even in their most optimistic moments. But that spirit of cooperation has not been helped by paying men fifty cents a day for what is fairly hard work. I have been told that in some cases they are not being supplied with the necessary clothing and equipment. I have in mind a young university student who made application for postponement upon the ground of conscientious objections and who was sent into a camp for alternative training. Ordinarily he would make sufficient money in the summer months to put him through university in the winter, but this summer he received about $30 a month for doing very hard work. I do not think we are helping this spirit of cooperation by paying little better than slave wages for manual labour. These men ought to get the same pay and receive the same treatment as if they had taken military training. If that were done, I believe we would receive better cooperation.

Mr. REID: Are the Doukhobors of British Columbia registered? My information is that they are not.

Mr. THORSON: The Sons of Freedom are not registered.

Mr. REID: I think that important fact should be placed before the committee. In British Columbia we believe that these people should be made to obey the law. They have defied the law and have not been registered.

Mr. THORSON: Many of the others have registered but this sect has not.

Mr. McNEVIN: I understand this agreement was made in 1898. Were the Doukhobors forced to take military training during the last war?

Mr. THORSON: No, they certainly were not. I should like to say something more about this question of conscientious objection and give the reasons why the government adopted the attitude it did toward Mennonites, Doukhobors and the general class of conscientious objectors to which I have not referred thus far. The spirit of one order in council governs the Mennonites, while the spirit of another governs the Doukhobors. There is another section relating to conscientious objectors and covering all such persons who do not come within the category of Mennonites or Doukhobors. A number of Quakers—The Society of Friends—for instance, have somewhat the same view with regard to bearing arms. I do not think anyone should express hasty views on this subject. The experience of Great Britain in the last war with regard to conscientious objectors was an unfortunate one. At the beginning they did not recognize that viewpoint, which to perhaps all of us is an incomprehensible one, and they filled Dartmouth prison to overflowing with conscientious objectors. Then they receded from that original policy and embarked upon a policy of service of a non-military nature for conscientious objectors. Anyone who has made a study of the unfortunate experience of the British government with conscientious objectors in the last war will realize the lessons that were learned by that government as a result, and they have not in this war repeated the experience. I do not think we ought to throw away the value of the lessons which the British government learned as a result of their dreadful experience of the last war with conscientious objectors. Let me assure the committee that this subject has received most careful, sympathetic and humane attention. I do not think the fact that we have dealt with these people in this humane manner has interfered with or lessened the war effort of Canada; not at all. I think people holding these views are giving great service to this country in many ways. They hold the view that they will not bear arms against their fellow men.

Mr. REID: One of the objections we have is that they did not register.

Mr. THORSON: It is only the Sons of Freedom who did not register.

Mr. REID: We are confusing two questions. So far as British Columbia is concerned one objection we have is that these men have not registered, but all the talk this afternoon has been about conscientious objectors and orders in council. An anomaly arose this year when farmers were fined for engaging these men who had not registered. No explanation has been given the committee of why these men have not been registered. The question of conscientious objectors can come up later. I say that no one should be allowed to defy the law. It only causes disunity in Canada to have one class of people powerful enough to defy the government of the country.

Mr. THORSON: It is not a class at all. It is a group of members of this community, the Sons of Freedom, who did not register, and who have gathered together by themselves in the wilderness in districts in the extreme eastern part of British Columbia. They have camped there and will not do anything. Faced with that situation, are we going to put them all in gaol? What good would that do? Are we going to put them all in internment camps? What good would that do? There is a realistic situation to-day. It is that one group, and they are the only group.

Mr. DUPUIS: They do not work?

Mr. THORSON: They do not do anything; they are passive resisters to everything. They are a headache, I can assure the committee. They do not have votes. British Columbia does not give them votes.

Mr. REID: Why should it?

Mr. THORSON: I quite agree. I do not see why they should have votes.

Mr. MacINNIS: Why should they not register?

Mr. THORSON: The Sons of Freedom have not registered. They are just camping in the wilderness. They did the same thing in 1931 or 1932, I forget which year it was, and the previous administration picked them up lock, stock and barrel, men, women and children, and took them out to an island in the Pacific. They would not do anything there.

Mr. REID: Maybe they will go back to Russia?

Mr. THORSON: The government of that day, even though these people took the attitude that they would not do anything, said: "We are not going to let them starve." Therefore they brought them back. They had their unfortunate experience, and we are having ours. It is a very difficult question, but for heaven's sake do not let the thing get out of its proportion. There is a problem there, and I have put it frankly and squarely before this committee, explaining the difficulty. It was an insoluble problem in 1931, and it is close to being an insoluble one now. I do not want my remarks to be taken as applying to all the Doukhobors—not at all—and they do not apply to the Mennonites in the slightest degree.

Mr. NICHOLSON: I should like to support the general position which the minister has taken before the committee. I would remind hon. members that the minister did not bring the Doukhobors to Canada, and he is not personally responsible for all the views they hold. We are living in a democracy, in a country where ever since we have had a Canada we have welcomed people from different countries of the world with different points of view. Those of us whose parents came from Scotland think that the only people are the Scots.

Some hon. MEMBERS: So they are.

Mr. NICHOLSON: I am very glad I have such unanimous support. Our colleagues from the province of Quebec have another tradition. People who, like the minister, came to this country from Iceland have also made a valuable contribution to our national life. From all the four corners of the world people have come here and have pooled their opinions and made their contribution to building up Canada.

May I remind the committee that while the Doukhobors have in our view, a great many queer ideas, they have one fundamental idea: "Thou shalt not kill." I know there are a great many Doukhobors of the younger generation who in the past ten years have acted as if they did not prize that tradition of their forefathers.

Mr. REID: Thou shalt not be registered. That is another of their traditions.

Mr. THORSON: The Doukhobors except the Sons of Freedom registered.

Mr. NICHOLSON: I might explain that the national registration was interpreted by many of the Doukhobors as a first step in the breaking of a solemn agreement entered into when they came to Canada in the late nineties.

Mr. HANSON (York-Sunbury): It was no agreement. It was an order in council. It was unilateral.

Mr. NICHOLSON: Yes, an order in council executed by the government of the day, a government elected in the usual democratic way and representative of the people. As a result,

large numbers of Doukhobors came to this country on the understanding that the terms of this agreement would be lived up to. They and their parents and grandparents had been persecuted in Russia for the religious views which they held, and they decided to come to a country where their religious views would be respected. May I remind the committee that during the last war the government of the day, which was not a Liberal government, considered it in the best interests of Canada to respect the terms of this agreement, and in all the years that have passed very little has been done by Canada to abrogate that agreement.

I know there are people in Canada who say that if Hitler came here there would not be any conscientious objectors, or, if they were in Germany, they could not do this and they could not do that. We are engaged in the most important struggle in human history to prevent Hitler from doing the things that he is doing, and the minister states the case very well when he asks the committee, "What would you do if you were in my position? Would you proceed to put, not twenty-five hundred but twenty-five thousand Doukhobors in prisons or in internment camps across the country?" There are people in Canada advocating policies which would lead to that step. I cannot see that it would help the struggle to defeat Hitler if we put thousands of Doukhobors in internment camps—where many of them are prepared to go. It was mentioned that there was difficulty in getting young Doukhobors into the national parks. I know the minister has experienced some trouble in Saskatchewan in that connection. One young Doukhobor who came to see me said he would go to gaol because the transportation for him was by a ticket which was endorsed "military". I urged him to reconsider the matter and to report for duty, pointing out that this was not military training; but he said, "It is a military ticket, and I will go to gaol rather than travel on a military ticket;" and he has been in gaol for the summer. There are things which Doukhobors will do and can do. The production of food is a very important contribution to the war effort, and it seems to me that those who say, "Let us put the Doukhobors in gaol and keep them there", might well consider for a minute the contribution they can make if they are permitted to produce large quantities of food. In seeking to preserve democracy we must profit by the experience of the last war in the United States and in Great Britain, and refuse to put people in gaol because they believe "Thou shalt not kill" to be a divine command.

Mr. HANSON (York-Sunbury): If we have disposed of the Doukhobors, or agreed not to dispose of them—and I do not think that if we argued this matter from now until the end of the session we could usefully carry the discussion very much further at this time—

Mr. THORSON: I quite agree.

Mr. HANSON (York-Sunbury): I hope the minister will bear in mind that the opinion of the committee so far as it has been expressed is that he should not take this situation lying down, that something should be done to have these people conform to the law and to make some contribution to the war effort. I am content to leave the matter there, because I know the difficulty.

I should, however, like to make this one observation, that I have read the orders in council with respect to both the Doukhobors and the Mennonites. I am not making any reflection on the Mennonites, because I understand that their disposition has been to accept the alternative and to make their contribution in that direction, and that there has been very little difficulty so far as they are concerned. But there is in my view no legal interpretation which binds this government to release from military service the descendants of those who came over here in 1898.

Mr. THORSON: That may be only technically correct.

Mr. HANSON (York-Sunbury): It is not binding upon the government with respect to their heirs.

There is one matter I want to bring to the attention of the minister before he rises—and I suppose he is hoping he will rise pretty soon; I know that another minister is anxious to get on, and I want to help—and it has reference to the travel bureau. The minister should tell the committee exactly the cause of Mr. Zeller's resignation. I do not accept the statements contained in the correspondence which passed between the minister and Mr. Zeller. There is something more behind it than that.

Then, passing from that, I should like to refer for a moment to the present position of the Canadian travel bureau. When this bureau was established in 1934, it was attached to the Department of Railways and Canals, which subsequently became the ministry of transport. There it remained until the present Minister of National War Services was appointed to his portfolio, and then, for reasons which appear to me to be not very logical, it was transferred to the present minister. I am not suggesting that the present minister is not qualified to handle the work of this

bureau as the political head, but I do suggest that, as the ministry of national war services is essentially a war department, the transfer of this peace-time bureau to a war department was psychologically a mistake. That is my first submission. I do not believe—and I have heard this view expressed by those better qualified to judge the matter than I am—that the travel bureau should be associated with a war department. They have nothing in common. I suggest to the minister that the tourist industry has suffered greatly since the very outbreak of the war from propaganda which has been spread in the United States in the attempt to keep their nationals within their own territory, to the effect that tourist activities in Canada may be and are interfered with as a result of this country being at war. Fantastic stories are reported to me to have been spread in the United States, to the effect that, "If you come up to Canada, your car will be taken away from you", and also that "you will be conscripted." Those responsible for those stories have an ulterior motive, namely, they want to keep their tourists in their own country; and the very fact that Canada is at war and that the operation of this bureau is under a war service ministry has had a distinct effect in keeping out of Canada people who are desirable tourists. I believe that the association of the bureau with this ministry lends credence to the fantastic views which have been expressed in the United States.

I have here a letter from the travel bureau. It is entitled, "Canadian Government Travel Bureau, Ottawa, Canada. Department of National War Services." That is on the letterhead. I assume that hundreds or even thousands of these letterheads go to the United States. Thereby the government is disseminating information among would-be tourists in that country that the travel bureau is a war service. There is an association of ideas which we just cannot get away from; it is wrong, and it has had a detrimental effect on the tourist bureau.

I suggest to the minister, not with any intention of disparaging his activities or his capabilities, that this travel bureau should be dissociated altogether from the idea of war services and be put into the Department of Trade and Commerce, or somewhere else, so that this bad psychological effect may be obviated. There is no doubt that we want these people to come into Canada. There is no doubt that the coming of the normal number of tourists into Canada would be a great help to us in connection with the foreign exchange problem.

[Mr. R. B. Hanson.]

By the same token the restrictions on the issue of Canadian currency for travel in the United States have had a bad effect upon the reciprocal action of United States nationals coming into this country. If the minister wants any confirmation of that, I would ask him to consult with our Canadian minister at Washington; I think he has views on the subject. I have no authority to quote him, but I suggest that the minister find out what our highest ranking official in the United States has to say about this matter, and then see if something cannot be done. I am satisfied that if there were greater provision for Canadians to visit the United States and mingle with the people there, they could become good missionaries for Canada, enlightening the United States public as to Canada's war effort, and there would not be the slurs that we sometimes hear and read as to Canada's war effort.

I offer these suggestions in good faith. As long as the Canadian travel bureau is associated with a war service, that fact will be used by those who have ulterior motives, and the very object for which parliament is voting money, namely, getting United States tourists into this country, will be defeated. I commend this suggestion to the minister with all the earnestness at my command: let him get the tourist bureau out of his department, get it into Trade and Commerce or some other department, so that the wrong impression will not be drawn by those who want to draw wrong impressions for an ulterior purpose. Do not let the minister forget to ask the Canadian minister at Washington what he thinks about this interchange of travel. We cannot have it a one-way business. If we want tourists to come to Canada, ten to one, fifty to one perhaps, spending money in amounts relative to their numbers, on balance we shall be ahead notwithstanding the opinion of the foreign exchange control board.

Mr. THORSON: I listened with a great deal of interest to the remarks of the leader of the opposition and should like to express my appreciation of many of them. There is no doubt that our restrictions on pleasure travel in the United States have had an adverse effect as far as the tourist industry is concerned. I think there is general agreement on that. But the whole question of pleasure travel abroad is debatable and difficult. The restrictions are foreign exchange control restrictions. They have been put into effect not as a matter of choice but as a matter of necessity, to safeguard our United States dollar exchange position. We have been doing our utmost in this country to safeguard that

United States dollar exchange position. Those regulations, I am certain, were not put into effect as a matter of choice. The situation as far as United States dollar exchange is concerned may improve as a result of the operation of the Hyde Park agreement, and it may be possible to modify the restrictions relating to pleasure travel in the United States to some extent. But that will depend on our United States dollar exchange situation.

The leader of the opposition referred to the association of the Canadian travel bureau with a war-time department. I have heard that argument put forward. I have had no indication that that association has had an adverse effect on the coming of tourists to Canada. If it has had such effect, it has not been brought to my attention.

The reason for assigning the Canadian travel bureau to my department was that my department has charge of public information, and with public information are associated organizations such as the Canadian Broadcasting Corporation, so far as broadcasting is concerned, for which I am the minister responsible, and the national film board. Both of these agencies are capable of working in cooperation with the Canadian travel bureau to promote tourist travel to this country, and that grouping together was for the purpose of coordinating these activities.

I said the other evening that I was not altogether satisfied with the Canadian travel bureau. I think there can be improvements in its organization, and I am hopeful that some improvements will be made. I am giving careful study to that whole situation, and until that study has reached a further stage I should prefer not to add anything to the interchange of letters that took place between Mr. Zeller and myself.

Mr. HANSON (York-Sunbury): That means that the minister just will not give the country the information to which it is entitled. Now there is something more behind this. I do not know what it is, but I think the public are entitled to know. I shall leave it at that.

Mr. HANSELL: I do not want to prolong this discussion. We have been engaging the minister's time for quite a while, and I think he has stood up to the discussion very well. I believe we are all conscious that his department is a very large one and a very young one. I do not know how extensively it was organized when the minister took it over, but we know that previously it was held by a minister with two portfolios.

I do not know much about the internal organization of this department, but there are two other subjects which I think should come up for some discussion. One is the bureau of public information and the other the matter of salvage. I am not entirely satisfied that the bureau of public information is making the very best of its possibilities. We call it a bureau of public information; it could well be called a bureau or ministry of propaganda, for, after all, that is what it does. I believe we have a good deal to learn as to more effective methods of propaganda. The bureau of public information has been giving out a good deal of information concerning Canada's war effort. That is all acceptable, and I suppose there is some reason for the people being informed as to what Canada is doing. But from the point of view of propaganda, from the point of view of stirring up the public, it seems to me that a little more attention might be given to the nearness of the dangers presented by the enemy. Perhaps we have to be a little more definite and specific with certain information.

I attended a theatre the other day, though it is not very often I do so. There was a newsreel shown on the screen, and when a picture was shown of the President of the United States delivering an address I could not help thinking what a powerful piece of propaganda that was. He said something to this effect: "I have before me a map of the western hemisphere which has been obtained by the intelligence branch of our government. On it appear specific plans for nazi aggression, for the occupation of south and central America." I said to myself, "that is powerful stuff." I think we could be a little more powerful along similar lines. The raft of material put out by the bureau of public information does not seem to me always to click. We read about certain appointments being made; a certain individual has been appointed to a certain position. Then his biography is given. He was born in a certain place, in England or some other country; he obtained his public school training here and there, and all the rest of it, and I doubt very much whether the people care where he came from or what he knows. As the hon. member behind me says, they are more anxious to know where he is going than where he came from.

In his address the other day the minister stated that the director of public information was gradually building up his staff. Might I suggest to the minister that what is required in the building up of that staff is a number of competent journalists. When I say that, I am going to suggest that journalism is a very highly specialized profession. A journalist is not merely one who can write good English, or articles of perfect composition. A good journalist knows how to persuade the public I do not think Canada lacks good journalists;

I believe we have in this country men who know how to write the truth, how to put punch into it, how to write it in such a way that the people will recognize the truth and at the same time be persuaded. I offer this suggestion to the minister because this matter is vital. We are spending a great deal of money, and if we do not get the very best possible return for that money, then it is spent uselessly.

In his remarks the minister also referred to a possible speakers' branch. I did not quite understand what he meant by that. Just what is in the mind of the minister? Are these to be paid speakers? If they are, we have 245 members of parliament who might be able to get good jobs. There may be a need for such a branch, but let us not spend money foolishly. Just what has the minister in mind in that regard?

Mr. THORSON: I greatly appreciate the constructive suggestions of the hon. member for Macleod. No good public information bureau or publicity department ever is of the opinion that it is doing as much as it is possible to do. Once any such bureau thinks it is perfect in the matter of publicity, then it is time for it to fold up.

With regard to the speakers' branch of the bureau of public information, to which I made reference in my opening address, I have in mind a branch of our bureau which would have to do with the matter of public information by the spoken word. We are continually receiving requests from various parts of Canada, as well as from the United States, for speakers. We have had voluntary offers from a great many people to assist by making speeches, and I am sure they would be very helpful in accomplishing the real purpose of the department, which is to bring the Canadian war effort and the Canadian people as close as possible to one another. We have been operating through the newspapers. Our association with the daily newspapers is much less important than our association with the Canadian weeklies, which rely upon us for a very great deal of information. We have been operating in the motion picture field in a more successful manner than Great Britain, the United States, or any of the British dominions, through the national film board. We have been operating by means of the radio, as well as in a variety of other ways including posters, leaflets, pamphlets, booklets, and so on. The purpose of the speakers' branch of the bureau would be to extend the activities of the bureau by means of the spoken word, for the spoken word still has its powerful appeal.

Mr. JOHNSTON (Bow River): Before we finish with this department, I should like to bring up one question in connection with the salvage campaign. I do so principally because last year, when I was dealing with this subject of the picking up of scrap steel and so forth, I said I was not going to have anything more to do with the collection of scrap iron unless I was quite sure the country needed it. Then, on October 20, the Minister of National War Services sent out a letter to all hon. members. In part, the letter read:

> In order to intensify the collection of secondary raw materials and to promote the organization of more voluntary salvage corps, also to stimulate salvage corps presently operating, we have now obtained authority to employ experienced organizers and inspectors.

It will be recalled that when this project was first undertaken it was to be on a voluntary basis, and at that time hon. members were asked to assist in the salvage campaign. People throughout the country were desirous of helping. Schoolteachers' organizations agreed to do it by themselves, free of charge. Scrap iron and scrap steel were coming in, but they could not get rid of the stuff.

After all that voluntary work was done, to no good—at least not to the best advantage—it seems there is to be a reorganization, and salaries amounting to $2,880 are to be paid to organizers. These are only the salaries. There appears on to-day's order paper a question in my name requesting a little more information along these lines. The sum I have mentioned includes only salaries. Will these men receive travelling expenses in addition to salaries?

Mr. THORSON: Yes, they will be paid necessary travelling expenses.

Mr. JOHNSTON (Bow River): That will amount to a good deal of money, and it seems unfortunate that such an expenditure should be necessary when we realize that the work was done previously by voluntary help.

There have been occasions when salvage collectors have done wonderful work, but when very little return has come from that work. In some instances they could not even get rid of the scrap. The result has been that the enthusiasm has died down. My suggestion is that the government is entirely to blame for this state of affairs. I have in mind a particular incident which took place at High River, Alberta. I hold in my hand an excerpt from the High River *Times*, which reads as follows:

> Sale From Scrap Iron Returns a Sad Story
>
> Net proceeds salvage drive brings $29.93 to bombed babies; railway gets $243.36 for hauling
>
> Never was so much done for so little
>
> Theme song on elevator row "we've been working for the railway." Donors swell chorus

> The sum realized out of the scrap iron collected by the High River elevator agents from farms of the district, has brought $29.93 to the fund in aid of bombed families of Britain. There

were 31 tons assembled and shipped out by railway from this point. The freight charges on the shipment to Winnipeg were $243.36.

This net result of all the labour on behalf of the refugee fund, has set the elevator agents, the contributing farmers and other donors back on their heels. The letter of appreciation from the Patriotic Salvage Corps at Winnipeg, acknowledges the receipt of the $29.93, as "the net proceeds of the carload of scrap metal." The same letter congratulates the agents on their splendid work, and suggests that they now go after the salvaging of rags in the district.

Just ask the boys who sweated over the scrapiron, how soon before they are going to start after rags, and you may get a black-eye out of it. It is safe to say they won't start immediately. Never was salvaging enthusiasm at lower ebb amongst these patriotic citizens.

The letter received from the Patriotic Salvage Corps attempts to shed a little brightness by saying, "While in view of the total value of the metal shipped, the net proceeds of $29.93, appears very small, we must bear in mind that freight charges from your point to Winnipeg are extremely high, and in this case amounted to about $250. However, there is one compensating feature of this shipment and that is that you have made available for the defence industry a very much needed shipment of raw material."

It is realized grimly that if the scrap had been trucked up to Calgary (even if they had paid $1 a ton for trucking) the refugee fund would have been boosted by $200 or more. But the instructions were to ship to Winnipeg as the headquarters for the disposal of the metal.

It is doubtful if history can record such small net result from such an amount of combined labour, cheerfully and generously given. Every person participating, including the seven elevator agents, 35 or 40 farmers, two or three truckmen and a wrecker from town (and one musn't overlook free publicity in the *Times*)—all of these gave something of commercial value in material, time, labour, transportation or news space. Incidentally some pretty good clothing was also worn out in the cause. This was given mainly out of sympathy for the fund for bombed families. All this, to raise the sum of $29.93.

In the letter the minister sent out on October 20, he used the expression, "although we have been unsuccessful in obtaining any concession from the railways".

We are going out again to ask the farmers to contribute scrap metal. We are going to ask them to give their labour for nothing, and to give organizers well over $3,000 to organize those campaigns. We shall have instances like those we had before. In reply to the question: "Is the Department of Munitions and Supply in need of the steel produced from the scrap metals so collected?", the minister said, in the return filed:

The chairman of the war-time industries control board and the steel controller, Department of Munitions and Supply, advise that scrap iron and steel in all forms is urgently required.

I assume that is correct. When I spike on this matter last year one of my chief concerns was that of obtaining scrap steel for our war effort. On that occasion the Minister of Munitions and Supply told me definitely that his department did not need the steel produced from that scrap metal. Only the other day I had a call from an organizer asking me to go out to help him collect. I am not going to waste my time, or that of the people in my constituency, for nothing. If the scrap metal is needed, our attitude will be entirely different; but I want to have the question settled.

No longer ago than June 11, 1941, as reported at page 3812 of *Hansard*, the Minister of Munitions and Supply stated definitely that his department did not need the steel produced from that scrap metal. I was amazed that this was the condition, and it will be recalled that I was one, and only one, of those hon. members who persisted in having the Calgary rolling mills opened, in order to have that scrap steel handled. A short time ago I visited those rolling mills to see how the work was progressing. Well, I saw. I could not help this morning contrasting what I saw in the moving picture made available to us by the minister's department—or possibly one of the other departments. I refer to that moving picture showing the English people working day and night, not even stopping for meals, on account of the urgent need for guns. They did not take time off for dinner; it was brought to them. The plants were operating twenty-four hours a day, seven days a week. There was no whistle blowing and no time off for lunch periods. I suppose that this scrap iron is urgently needed.

Mr. THORSON: It is.

Mr. JOHNSTON (Bow River): I certainly hope that we are not carrying on a salvage campaign if the scrap metal is not needed. I visited the rolling mills at Calgary one afternoon, getting there at a quarter after five o'clock and I found them closed. It would seem that we do not need steel. Talking to a man at that place I was informed that they were running only one blast furnace and working only one shift. The Prime Minister has said that this is a one hundred per cent war effort, but this man told me that if the government or anybody else would take the steel, they were ready to work twenty-four hours a day. I asked if there was not a demand for their product, and he told me that they could not get orders. He said that as quickly as they got orders they would produce more steel. Linking that up with what the Minister of Munitions and Supply

said last year to the effect that that steel was not needed, I am at a loss to know why we are spending $3,000 and more for salaries, wages and expenses in connection with organizers of this salvage campaign. Our effort and money should not be wasted. If we need the scrap metal, let us get it by all means, but I do not think we should pay out $2,880 for salaries, with expenses in addition. I am quite sure that if the people get a decent break in connection with this salvage campaign, they will provide more scrap steel than the department will know what to do with, and they will not have to pay organizers.

Mr. THORSON: I shall be glad to clear up that point in as few words as possible. First, I should like to correct an error. I am reported in *Hansard* as having said that the Canadian Red Cross benefited from the aluminium campaign to the extent of $7,000,000; what I did say was $75,000. Earlier this year there was a difference of opinion in connection with scrap iron and steel, as to both the amounts available in the west and the advisability of bringing it down from the west. The steel controller at that time was of the opinion that there might be perhaps 100,000 tons of scrap iron in the west, although we thought there was a great deal more. If there was a limited amount of scrap iron available in the west, it was thought unwise to move it. There was one rolling mill in Manitoba and another in Calgary, and it was thought that this scrap would be needed to meet the requirements of these two mills.

The situation is different now. The steel controller and the material controllers of the Department of Munitions and Supply are very anxious to have scrap iron and steel. It is true that we had the incident at High River to which my hon. friend has referred where the persons who gathered the scrap together got only a small return for the patriotic effort they had made. We are hopeful that we can make arrangements for the better moving of the scrap which has been gathered in many towns in western Canada and make progress in ensuring that the mills operating in the west have sufficient for their requirements. Anything in the way of scrap iron and steel in the west over and above these requirements can come down here in a regular flow. It is desired that the activities in connection with the collection of scrap iron and steel should be increased and the department would like the assistance of all volunteer salvage corps in this regard. Some of the salvage corps have operated exceedingly well, while others have operated indifferently. The Winnipeg salvage committee has collected about $30,000 in its salvage operations for war charitable purposes.

[Mr. C. E. Johnston.]

Mr. JOHNSTON (Bow River): They did not have to give it all to the railways as the people at High River had to do.

Mr. THORSON: I quite agree that there have been difficulties, but I can assure my hon. friend that we do want to get all the scrap iron and steel that we can get together. It is desired also to promote the salvage campaign in connection with other commodities, and the purpose of these appointments is to increase the activities of the various volunteer salvage corps across the country. As I say, some of these have been working very well; others have been working indifferently, and some have had no success at all. The purpose of making these appointments is to attempt to clear channels, to promote the activities of the corps and to increase the cooperation between all those engaged in these activities with a view to making the campaign more successful than it has been.

Mr. JOHNSTON (Bow River): Why have salaried men for that purpose?

Mr. MACKENZIE KING: Mr. Chairman, I believe a question of privilege is in order at any time. I have just seen in the evening edition of the Ottawa *Journal* an article headed:

No Conscription Under Mr. King Caucus Told. Premier Discussed Problem with Winston Churchill.

This is a communication by the British United Press, and the first paragraph reads as follows:

Prime Minister Mackenzie King told a Liberal caucus last week that so long as he was head of the government there would be no conscription in Canada, it was learned on highly reliable authority to-day.

Another paragraph further on reads:

Informants said that Mr. King had told his followers that he discussed the problem of conscription with Prime Minister Winston Churchill during his visit to Great Britain. The effect of his conversations with the British Prime Minister was to confirm his own view that Canada, a country of less than 12,000,000 people was consequently limited in its available manpower for military purposes, the Prime Minister was quoted as telling Liberals.

While it is not customary to disclose matters that are discussed in caucus, speaking in the presence of members of the party who were present at that Liberal caucus I wish to say at once that I never mentioned the name of Mr. Churchill in connection with any discussion on conscription at any party caucus held at any time. The statement is false and, what is more, I believe it has been inserted not with a view to helping Canada's war effort but to make the war effort of Canada as embarrassing as it can be made at this time. I think an

apology is due from the British United Press for publishing a statement of that kind before inquiring of the Prime Minister whether or not the statement was correct. I cannot protest too strongly against a misrepresentation that could not be grosser than the one appearing here.

There has been a great deal of talk lately about conscription. I want to make perfectly clear what is in my mind when I speak of conscription so that there will be no misunderstanding as to my attitude in relation to it. So far as conscription stands for compulsory selective national service, that is a principle which this government has embodied in its National Resources Mobilization Act passed at a previous session of this parliament. As to how rapidly that principle should be applied and how far it should be extended is a matter which the government must decide and will decide in the light of all the knowledge which it has with respect to the needs of our war effort and the position of the country in meeting them.

I want it to be distinctly understood that so far as the principle of compulsory selective national service is concerned for Canada, in Canada, I stand for that principle. I have never taken any other stand. It is the position that I have held all along. It has been applied in connection with military training and applied in a number of other directions I might mention. How much further it will be applied the house will learn as the government takes its decisions on that matter.

But so far as conscription for service overseas is concerned in the armed forces of Canada, that question was submitted to the people of Canada at the last general election, an election which was held in war-time, and in which the leaders of all political parties made their statements to the electorate, and the people of Canada decided against conscription for overseas service. So far as I am concerned, without any consultation of the people on that subject, I do not intend to take the responsibility of supporting any policy of conscription for service overseas.

Mr. HANSELL: Just one more question, and I am sure that what I have to say will sink into oblivion following the forceful statement which the Prime Minister has just made. My question has to do with railway freight rates on salvage. When farmers bring in their scrap iron or other salvage material to a town they usually use their own trucks, spend money for their own gas, do their own labour and do the whole thing voluntarily. But somehow or another the railway companies seem to pick the plums when it comes to freight charges. My suggestion is that the railway companies bear a share of this voluntary service by donating one car out of every freight train that moves across Canada or to the centres where the salvage is needed and charge no freight on the salvage that goes into that car. I do not think the railway companies would lose anything by that. They would just hook the car on to a train here and there and shunt it off at its destination. If the railway companies would do that, it would mean that we would get a lot of salvage moved free of freight charges, and the people of the country would donate even more liberally and enthusiastically to the salvage campaign.

Mr. GREEN: One other question with which the minister dealt the other day and which I think should be cleared up, has to do with sending Canadian firemen to Great Britain. It was not clear from the minister's statement whether these Canadian firemen would be split up among British fire brigades on reaching Britain or would serve together as a Canadian fire brigade. I think it is of the greatest importance that they should not be scattered around in different centres in Great Britain, and if it can be arranged at all, I suggest that our Canadian fire-fighters be kept together, certainly as much as possible.

Mr. THORSON: I have not immediately before me the establishment of these fire-fighting units, but my recollection is that they are organized into what are called "stations," with about twenty men to a station, and that each station operates as a fire-fighting unit.

Mr. POWER: If I may interject, there is a central reserve from which the fire-fighters are sent out, and my impression, when I was over there, was that the number was fifty to a station rather than twenty. They are kept in a central reserve to be sent to whatever district they would be most needed at.

Mr. GREEN: Would they all be kept in one or two cities?

Mr. POWER: The thought was that there would be a central reserve. I do not know just where it would be located, but from that reserve if fire-fighters were required in Liverpool they could be sent there in a hurry, or if they were needed in a section of London they could be sent there in a hurry. They would operate in mobile units. My colleague says twenty men to a station, but my recollection is that they were talking in terms of a unit of fifty when I was over there. I have not heard anything about it since my return.

Mr. GREEN: They would operate from one central base?

Mr. POWER: From one central British base to which this group of Canadian fire-fighters would be attached. The thought was that there should be quite a concentration of fire-fighters in some central place, and the Canadian firemen would be there.

Mr. THORSON: I hope in a very short time to be able to announce a good deal of progress in connection with the raising of Canadian fire-fighters for service in the United Kingdom.

Mr. JOHNSTON (Bow River): What has been done about freight rates on salvage material? Could something not be done along the line the hon. member for Macleod suggests.

Mr. THORSON: I shall be very glad to bring his suggestion to the attention of the railway companies. We are still struggling with that question.

Mr. JOHNSTON (Bow River): Bring it forcibly to their attention, too.

Mr. CASTLEDEN: What has been accomplished in the voluntary services branch of the department?

Mr. THORSON: A new division of women's voluntary services was just recently set up, and I hope to be able to make some interesting announcements with regard to the operation of that division in the very near future.

Mr. CASTLEDEN: What has been accomplished up to date?

Mr. THORSON: I have given quite an elaborate report with regard to the former division of voluntary services, which is now the war charities division of the department.

Mr. STIRLING: We understand that this evening the committee will discuss the speech of the Minister of National Defence (Mr. Ralston) and that in his regretted absence the associate minister will reply?

Mr. MACKENZIE KING: I understand that that is the agreement which has been reached between the whips.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. STIRLING: Could the minister give the names of the units which comprise the fourth division, and indicate to what strength they have been enlisted?

Hon. C. G. POWER (Minister of National Defence for Air): I do not think I could give that at the moment, but I will get it. Perhaps I could give it now, but I should not like to trust my memory.

[Mr. Green.]

Mr. STIRLING: Could the minister also explain exactly what the phrase, "these three brigade groups of the sixth division" means?

Mr. POWER: They would be, I take it, the three infantry brigades which have already been authorized. I have not the figures; I know they are not recruited up to strength at the moment. That will be the infantry brigade groups without the divisional troops.

Mr. STIRLING: Perhaps the minister could also give the information of the extent to which they have been recruited.

Mr. POWER: Yes.

Mr. HANSON (York-Sunbury): The Minister of National Defence gave a definite statement of the number of men who have been sent overseas. I believe the number he mentioned was 110,000, although I have not the reference in front of me.

Mr. POWER: That is right.

Mr. HANSON (York-Sunbury): How many of those who have been sent overseas have remained overseas? What is the net number overseas, having regard to that figure of 110,000?

Mr. POWER: My hon. friend placed on *Hansard* certain questions. I have the answers to the questions here; this is one of them. The first question asked is:

> The total number of men now serving in overseas theatres of war.

Mr. HANSON (York-Sunbury): Yes.

Mr. POWER: The answer is: As of October 25, 1941, 110,209 in all theatres beyond Canada.

Mr. HANSON (York-Sunbury): That is the net number?

Mr. POWER: I take it to be so, as of October 25, 1941, in all theatres beyond Canada. The next question asked is:

> A statement as to the number of rejections of enlisted men sent overseas, men whom this country trained in Canada, then took overseas and trained them there, and then rejected as medically unfit or likely to become unfit for service; and the reasons for their rejection. How many were rejected because of bad discipline records?

The answer is: number of men returned from overseas as category E—after medical attention, many are reboarded to a higher category after return to Canada, and are retained—3,080.

Mr. HANSON (York-Sunbury): How many were re-categoried? Does that include the number re-categoried?

Mr. POWER: No. I would say that the number of men returned from overseas in category E, that is men definitely put out of the

army, is 3,080. The number of men returned for adjutant-general's disposal as unlikely to make efficient soldiers, disciplinary action, or compassionate leave, or discharge, 253; making a total of the two categories, 3,333.

Mr. HANSON (York-Sunbury): Would the 110,000 be reduced by that number?

Mr. POWER: I would say that the 110,000 are what we had there as of October 25, 1941.

I have a partial reply with respect to the fourth division. The tenth brigade consists of the British Columbia Regiment, the South Alberta Regiment, and the Saskatchewan Horse; the eleventh brigade—the Grey and Simcoe Foresters, Lake Superior Regiment and Irish Regiment of Canada; the twelfth brigade —Governor General's Footguards, Canadian Grenadier Guards and the Elgin Regiment. I have not the other figures.

Mr. STIRLING: The minister has not the strengths?

Mr. POWER: I have not the strengths, but I will get them.

Mr. HANSON (York-Sunbury): That does not cover all the information asked for.

Mr. POWER: I will go right ahead. I have been furnished with a memorandum containing the answers to the questions of my hon. friend, and I am told that the figures it contains have already been furnished privately by my colleague the Minister of National Defence to the leader of the opposition.

The first question was:

(a) the total number of men enlisted in the Canadian army in all its branches since the outbreak of war.

The answer is, 276,088 for the active army. The records are not available at National Defence headquarters of enlistments into the reserve army. The actual increase, since the war began, in personnel attested into the reserve army is 21,520; a considerable extra number have, in this period, enlisted, turned active or been discharged.

Then:

(b) the total number of men serving in all branches of the Canadian army.

The answer is: as of October 25, 1941, 241,530. This includes Canadian Active Army, overseas and in Canada, and 4,380 members —home defence—now serving with units of the Canadian Active Army in Canada; also 9,807 "R" recruits in training, 147,683 Canadian reserve army, including 70,163 30-day National Resources Mobilization Act recruits attached.

Then "(c) the total number of men attested for service overseas." The answer is: as of 25th October, 1941, 276,088; that includes subsequent discharges.

The next question is:

3. We should like to know from the minister the result of the recruiting campaign of June and July, and the results of the monthly recruiting campaigns, and specifically:
(a) the method by which the quota for the general recruiting campaign and for the monthly campaign was settled. Was it based on population figures in a given military district?

The answer is: Recruiting campaign: 32,434 required, 34,625 enlisted. Approximately 48,000 offered themselves for service.

In answer to (a), before I deal in detail with the method adopted in the general recruiting campaign, the following general observations may be helpful.

The mobilization scheme was based upon the structure of the non-permanent active militia for obvious reasons, the chief being that this organization was capable of the speediest expansion. Experience of the last war in connection with records and maintenance of continuity of the non-permanent active militia units made adoption of this scheme advisable. In mobilizing the non-permanent active militia units for active service due regard was paid to equitable territorial distribution, consistent with the availability of the arm or branch of the service required.

The objective of the campaign was 32,434, of which a portion was to bring units up to strength, and the balance as reinforcements for existing active units, including deficiencies of previous quotas. Only ten per cent of the above figure was for infantry, and the remainder for the technical branches, such as artillery, engineers, et cetera. These latter are mostly English-speaking and require a large proportion of tradesmen. Accordingly, whilst regard is had to estimated population in fixing quotas, it was necessary in the last campaign to take into consideration the geographical origin of the units to be strengthened or reinforced and the location of their reserve counterparts, as well as the availability of tradesmen and suitable personnel for the various purposes for which they were required.

Mr. HANSON (York-Sunbury): Right there may I suggest that the potential man-power in the various military districts was not the basis of the mobilization scheme at all.

Mr. POWER: I would say not. It was a factor.

Mr. HANSON (York-Sunbury): To a limited degree.

Mr. POWER: But it was not the fundamental factor.

Mr. HANSON (York-Sunbury): The fundamental factor was the presence of non-active militia units in the various military districts.

Mr. POWER: And active units also, the necessity of reinforcing active units.

Mr. HANSON (York-Sunbury): But the mobilization scheme was based upon the structure of the non-permanent active militia. That would indicate that, say British Columbia, where there were more non-permanent active militia units than in other provinces, would be called upon to produce a greater number of recruits? I think that is a fair statement.

Mr. POWER: I think that is fair.

Mr. HANSON (York-Sunbury): And population had nothing to do with it.

Mr. POWER: I will not admit it had nothing to do.

Mr. HANSON (York-Sunbury): Well, very little.

Mr. POWER: Perhaps.

Mr. HANSON (York-Sunbury): I am not seeking to make any point against any one, but seeking to understand the position, and since I have received this memorandum I do understand it in a much greater degree than before. Was it not also in a measure based upon the theory that a given military district had in the past supplied a given number of recruits, and the theory was that the district which had produced, say four men was more likely to be a more fruitful source of recruits than a district which had produced only one?

Mr. POWER: I think so.

Mr. HANSON (York-Sunbury): That is a terrible discrimination against certain provinces. Take British Columbia. British Columbia had produced, say three men to one from some other military districts, so it was asked to produce three to one in this recruiting campaign of June and July. But the available volunteers had gone, so British Columbia did not attain her objective. That is the situation which resulted. The whole set-up was based on unrealities. The reality upon which it should have been based was the potential man-power of the military districts as shown by the registration of August, 1940. But that was not made use of; on the contrary they proceeded on another basis altogether.

The Minister of National Defence said they had had a preliminary survey of man-power. Was there no survey of the potential man-power available when the June campaign started, or did the adjutant-general just proceed along the lines of least resistance, looking for recruits from those portions of the country which had responded most nobly in the past? I think that is the situation. The minister's statement to-night rather bears that out.

Mr. POWER: I will not altogether agree with that, but there is something in what my hon. friend says. My hon. friend knows, however, that certain districts were extremely eager to have their units mobilized. Also there was prior to mobilization a war plan, I suppose one might call it; or, in other words, a distribution of militia units across the country. Some districts were more fully mobilized than others. There is a natural pull in any district towards the mobilized unit, the unit that has gone overseas; men like to be with pals, and there was the thought that possibly more recruits could be obtained in the districts from which certain units came than in other districts where there was no unit at all or where the unit covered a very large territory.

Whether or not at the time the recruiting campaign started there was an actual analysis made of the figures of the national registration I am not sure, but I know that there is overlapping. My hon. friend knows that also. The Minister of National War Services explained yesterday that in military districts Nos. 1, 2, 3, 4, 5 and 10 the boundaries of the registration districts do not coincide with the military district. In fact, in some instances, they do not even coincide with the boundaries of the provinces.

Mr. HANSON (York-Sunbury): But generally speaking they are about the same?

Mr. POWER: I do not know how wide the divergence is. If I am not mistaken, Hull and a considerable part of the province of Quebec is in military district No. 3, Kingston, unless there has been a change. Probably districts Nos. 5 and 4 are a bit mixed up with respect to the eastern townships. I think No. 5 goes about through the county of Megantic; it is in the provincial county of Frontenac, and does not take in Three Rivers. Therefore there are divergencies, but I would not say it was a major difference.

Mr. TURGEON: I wish to take this opportunity of recording one fact in connection with that phase of recruiting of which the minister has just been speaking. The Peace River block of British Columbia is not in the military district whose headquarters are at Victoria. It belongs to military district No. 13, with headquarters at Calgary, Alberta. During the recruiting period, when records were being kept,

those who enlisted from the Peace River block—and the enlistment from there was very heavy—were credited to Alberta and not to British Columbia. At that time there was some criticism of British Columbia because the enlistments had not come up to the quota which had been allocated to that province, so I wanted to clear the record in that regard, because British Columbia was not credited with the heavy enlistment which occurred in the Peace River block of that province.

Mr. GREEN: What is the present system? Is the government still working on the same old quota basis, or has any change been made?

Mr. POWER: From the quota basis? Apparently this is covered in part at least by my reply to the leader of the opposition, which I might repeat. No actual monthly campaign has since been conducted, though reinforcement requirements allocated to military districts, primarily on a population basis but considering the other factors already mentioned, including enlistment trends, have been issued monthly. The mobilization of new units has taken place for several months, but no combined figures of requirements each month have been issued.

Mr. GREEN: Is there not an allotment made to each military district now? In other words, is each district not asked to raise a certain number of recruits?

Mr. POWER: I am under the impression that they are, but I cannot say for sure.

Mr. GREEN: I think it is of the utmost importance that the quota system should be revised. There has been a good deal of hard-feeling in British Columbia about our quota being so high during the drive last summer, because it created a very unfavourable and unfair impression. I suggest that the quota should be based not on the number who have already enlisted in each district, but on the number who should enlist.

Mr. POWER: I have some figures that I should like to place on *Hansard,* a table which I think pretty fully answers that point and which, I believe, will do justice to any districts that have had cause for complaint. For instance, I am sure the leader of the opposition will be delighted to learn that New Brunswick, which is military district No. 7, has the highest percentage of any district. This is quite a lengthy and complicated table, but if I may just pick out one figure, military district No. 7 has a percentage of 5·53, while military district No. 11, which includes British Columbia, has a percentage of 4·08.

Mr. GREEN: Do these figures include the men who have enlisted in the air force and the navy?

Mr. POWER: No. No one seems to have bothered about the air force until I mentioned it last week.

Mr. STIRLING: The point made by the hon. member for Cariboo, it seems to me, makes the situation and the figures with regard to British Columbia all the more difficult to understand. Southeastern British Columbia also is attached, for military purposes, to military district No. 13. If you deduct the number of recruits obtained in the Peace River district and the number of recruits obtained in southeastern British Columbia, it makes the figures and the quota asked of British Columbia seem all the worse, bearing in mind, as has been mentioned, that a very considerable amount of recruiting already has taken place in British Columbia. That merely makes it worse.

Mr. PERLEY: Could the minister give the quota and the enlistments for military district No. 12?

Mr. POWER: I cannot give the figures as to the quota. I have a long table here, to which I referred a moment ago and which perhaps would be more intelligible if it were placed on *Hansard,* though if my hon. friend wishes I can give him the comparable figure I have given already with regard to military districts No. 7 and No. 11. That figure would be 3·55 per cent, as compared with 5·53 per cent in military district No. 7, and 4·08 per cent in military district No. 11. The complete table is as follows:

QUOTAS AND, IN BRACKETS, PROPORTIONS OF QUOTAS TO ESTIMATED MALE POPULATION AGED 19 TO 45 IN EACH MILITARY DISTRICT

M.D.	Recruiting campaign					Subsequent to recruiting campaign				Total	Grand Total
	As stated in answer to question (*a*) above, whilst regard is made to estimated population in fixing quotas, it was necessary to take particularly into consideration the geographical origin of the units to be strengthened and reinforced and the location of their reserve counterparts, as well as the availability of tradesmen and suitable personnel for the various purposes for which they were required.										
	Unit shortages	Reinforcements		Total	Unit needs	Reinforcements					
		16th quota	17th quota			18th quota	19th quota	20th quota	21st quota		
(*a*)	(*b*)	(*c*)	(*d*)	(*e*)	(*f*)	(*g*)	(*h*)	(*i*)	(*j*)	(*k*)	(*l*)
	%	%	%	%	%	%	%	%	%	%	%
1.....	1808 (1·22)	484 (·33)	548 (·37)	2840 (1·92)	357 (·24)	1009 (·68)	587 (·40)	679 (·46)	679 (·46)	3311 (2·24)	6151 (4·16)
2.....	4225 (1·03)	1141 (·28)	1265 (·31)	6631 (1·62)	394 (·10)	1786 (·44)	1192 (·29)	1235 (·30)	1239 (·30)	5838 (1·43)	12469 (3·05)
3.....	1223 (·81)	601 (·40)	518 (·35)	2342 (1·56)	671 (·45)	902 (·59)	656 (·44)	749 (·50)	749 (·50)	3727 (2·48)	6069 (4·04)
4.....	2447 (·58)	670 (·16)	1250 (·29)	4367 (1·03)	195 (·05)	975 (·23)	663 (·16)	911 (·21)	934 (·22)	3703 (·87)	8070 (1·90)
5.....	687 (·32)	281 (·13)	766 (·36)	1734 (·81)	277 (·13)	625 (·29)	469 (·22)	636 (·30)	609 (·28)	2591 (1·21)	4325 (2·02)
6.....	1381 (1·17)	274 (·23)	461 (·39)	2116 (1·79)	729 (·62)	613 (·52)	497 (·42)	508 (·43)	504 (·43)	2861 (2·42)	4977 (4·21)
7.....	738 (·92)	381 (·47)	359 (·45)	1478 (1·84)	712 (·89)	633 (·79)	495 (·61)	560 (·70)	564 (·70)	2962 (3·69)	4440 (5·53)
10.....	1402 (·78)	598 (·33)	603 (·34)	2603 (1·45)	131 (·07)	707 (·40)	633 (·35)	704 (·39)	702 (·39)	2877 (1·60)	5480 (3·05)
11.....	2139 (1·38)	501 (·32)	465 (·30)	3105 (2·00)	670 (·43)	775 (·49)	552 (·36)	619 (·40)	617 (·40)	3233 (2·08)	6338 (4·08)
12.....	1464 (·83)	500 (·28)	747 (·42)	2711 (1·53)	213 (·12)	1031 (·58)	713 (·40)	808 (·46)	812 (·46)	3577 (2·02)	6288 (3·55)
13.....	1449 (·90)	569 (·35)	489 (·31)	2507 (1·56)	246 (·15)	757 (·47)	543 (·34)	591 (·37)	591 (·37)	2728 (1·70)	5235 (3·26)
Total.....	18963 (·85)	6000 (·27)	7471 (·34)	32434 (1·46)	4595 (·21)	9813 (·44)	7000 (·32)	8000 (·36)	8000 (·36)	37408 (1·69)	69842 (3·15)

Mr. ROSS (Souris): Has any thought been given to basing these quotas on population? I was not in the chamber when this discussion began, but I understand that the quotas have been based on previous enlistments.

Mr. POWER: I would not say so much on previous enlistments. They were based on the mobilization plan and the non-permanent active militia units. That was one factor. A second factor was the mobilized units and the desire to fill up the mobilized units from those particular districts. These were factors, as well as the question of population.

Mr. ROSS (Souris): There are many areas where there were no mobilized units, or where such units were not recognized, and in many ways this system seems rather unfair. Would it not be much better to base the quotas on population? Would that not give a fairer picture for the future?

Mr. POWER: All I can say is that at the time these quotas were set that was not done on a straight population basis; all these other factors came into it. To what extent the population of military age entered into it I am not able to say; that was a factor, though perhaps not the predominant factor.

Mr. HANSON (York-Sunbury): As a matter of fact, the population data was one of the smallest factors, according to the previous statement of the minister. The quotas were based on the presence of the non-permanent active militia units plus the record of previous enlistments, and population had practically nothing to do with it. That was the answer of the government.

Mr. GREEN: Would it not be possible to arrive at a quota by taking into account the numbers who have enlisted in the three fighting services, together with the national registration which showed the number of young men who were available in each district? Would that not be the only fair way to strike a quota?

Mr. POWER: I should say it would be possible, though, as I said before, I have not gone into this question in detail. Up to the present no one in this house, and very few throughout the country—and I say this seriously—have taken very much account of the fact that the air force is taking a great many recruits. As a matter of fact, as the Minister of National Defence said here the other day, within a period of six months, taking the air force, the navy and the army, we enlisted 105,000 men, which is a very reasonable number of enlistments.

Mr. HANSON (York-Sunbury): The minister spoke about the situation in New Brunswick, and I am glad he did so. I should like to tell him that the New Brunswick enlistment has been good from the beginning; we have never been behind in our quota. This has been due primarily, I hope and suggest, to the patriotic attitude of our people. Second, it has been due to the patriotic attitude of those who have tried to bring in the recruits.

I should like to give the committee an illustration of what was done in my own city during the June-July recruiting campaign. They organized an active recruiting committee, calling themselves the York minutemen. They combed the constituency from one end to the other with public meetings and personal solicitations, and they got the recruits. But the reason why recruits were available, after giving due effect to the first principle I tried to enunciate, is primarily the fact that there is no industrial life in the country to take in these young men. That I believe is a true statement. I tried to analyse it as well as possible, and I am satisfied that all those factors caused the result in New Brunswick.

But that time has now passed. The men have gone, and the minister cannot look for the same results in the future. The men who constituted themselves the minutemen of York, led by my own partners, who are both returned soldiers, say they cannot repeat that performance on any quota. I just wish to leave that fact with the minister.

Mr. POWER: I think my hon. friend will agree that there was a feeling in industrial centres that young men who had good jobs, and who were earning $5 or $6 a day, did not want to join the army to walk round Canada for $1.30. There was not enough action in that, and I believe that fact would account for the large number of recruits we obtained in the air force. There was not enough action in the army for a great many of the young men, I have been told by a number of hon. members and others interested. In the industrial cities of, let us say, Ontario, a great many young men said, "Why should I go and work for $1.30 a day, and probably spend a year marching up and down the country in Canada, when I am earning $5"—or possibly $6— "a day at the present time. If there is any action, I will join up." That may have been the feeling. I know I have been told that, and I can understand it.

Mr. HANSON (York-Sunbury): There is one other point I wish to make for my own province. I should like to pay a tribute to the Acadians of New Brunswick. They did their duty by enlisting, once they got the opportunity to do so. But the military authorities gave those young men no opportunity to recruit for at least the first nine months of the war. There was no opportunity to recruit in

the districts from which the most of these young men came. The only opportunity offered was in the county of Madawaska, represented by the Minister of Fisheries.

Mr. POWER: What about the North Shore regiment?

Mr. HANSON (York-Sunbury): I shall come to that. In May, 1940, after the election, when I took this seat, I called the attention of the late Minister of National Defence to the matter, but it was not until June or July, 1940, that these young men on the north shore, out of whom the North Shore regiment was subsequently recruited had the opportunity of enlisting anywhere near their own homes. They were told that if they wanted to pay their own expenses they could go to Fredericton, but Fredericton was a couple of hundred miles away from their homes.

The recruiting officers in the military district were to blame; I am not blaming the government. Those officers were to blame because they did not make available to these young men the opportunity to recruit in the vicinity of their own homes, or in the military unit in that part of the country, namely, the North Shore regiment. I take some credit for having arranged with the minister to have that position remedied. Men from the counties of Restigouche and Gloucester had to go to the city of Quebec to enlist, and many of them did so. That position was reversed, and the whole programme was covered in the proper way.

I wish to pay tribute to the young Acadians of New Brunswick. There is just one unfortunate fact in that connection, namely, that the number of physical rejections among them was higher than among their English-speaking compatriots. That was a misfortune, but it was not their fault. It showed that those young men had not had the proper opportunity for development, and had not received, during the years of depression, the standard of nutriment they should have received. Undoubtedly that is somewhat of a reflection on my own province.

Mr. POWER: And there is another factor, too.

Mr. HANSON (York-Sunbury): It is unfortunate that we must admit that the number of rejections from those communities were much higher than from the English-speaking communities. Surely that is something which ought to be prevented in future. This country must deal with a condition like that. It is a very big problem, but we must do something to raise the standard of living in certain sections of Canada.

[Mr. R. B. Hanson.]

Mr. POWER: There is another factor which I noticed in connection with air force recruiting. The probability is that the young men in that northern section of New Brunswick, very much like the young men of certain parts of Quebec, do not engage in sports to the same extent as obtains in other sections of the country. Therefore they are not as well developed physically. I have been told that that was so in connection with recruiting for the air force. We found a large number—and I am speaking particularly of the air force—who were just a little below standard or underweight, or who were not quite sufficiently developed, owing largely to the fact that they had not taken physical exercise, or had not been given physical training in their schools. I am making arrangements as well as I can to feed those lads, to set them up and give them physical exercise. I believe that with two or three months of regular living, good feeding, physical training and rest, we shall be able to bring quite a number up to the required physical standard in the air force.

Mr. HANSON (York-Sunbury): Good. I think the hon. member for Royal could tell the minister an interesting story along that line.

Mr. POWER: Does he agree with me?

Mr. BROOKS: Absolutely.

Mr. HANSON (York-Sunbury): The young men who came from Acadian centres in New Brunswick were not accustomed to playing games, as the minister has said. I will say this for them, that as soon as they see how a thing is done they enter into it with great zest, put their spirit into it and come through.

Mr. BROOKS: Since my leader has asked me to explain, and then taken it upon himself to do so, I do not believe there is much for me to say, except to agree with him. In all the training schools, as the minister knows, we have sports. That is one of the main features of our training. I had noted that the Acadian boys who have come to our centre in large numbers, in both the active and reserve units, are not very familiar with sports, when they arrive. But they acquire a liking for sports, after they learn how to play the games.

There was one question I wanted to ask the minister, and it arises from the statement by the leader of the opposition. A great many young men from northern New Brunswick did go over to Quebec to enlist. I was wondering if they were recorded as enlisting in New

Brunswick, or was a certain district in Quebec receiving credit for those enlistments? The numbers were supposed to reach 2,000 or 3,000. To my mind that is probably more than actually went over. Did New Brunswick receive credit for those men, or did the military district in Quebec?

Mr. POWER: I have not all the information on that, but I do know of at least three units which were affected. There was the 57th Battery, which formed in Quebec and enlisted a goodly portion of its recruits from Gaspe, and the vicinity of Campbellton. But they would be English-speaking recruits; I believe that was an entirely English-speaking unit. Then, there were the Royal Rifles of Quebec. They also recruited extensively in Gaspe among the English-speaking residents, and to some extent among the French-speaking people of the Matapedia valley, and along into Campbellton. Then I believe the Chaudière Regiment is entirely French-speaking, enlisted in the Matapedia valley, going through into Campbellton, and through to St. Leonard. I would not be sure, but I think it would go along that highway, reaching Bathurst, and generally through that district.

Mr. HANSON (York-Sunbury): I believe many of the Acadians from Madawaska went into the Carleton and York Regiment.

Mr. POWER: Probably. I believe, however, that from the shores of the Baie des Chaleurs, there were quite a few who came to Quebec.

Mr. MICHAUD: I think it is my duty to try to throw a little light upon the matter brought up by the leader of the opposition, which the acting Minister of National Defence (Mr. Power) has attempted to explain. Recruiting in New Brunswick has been based more upon geography than anything else. The oldest infantry regiment in the province, the York and Carleton Regiment, recruited for the first division. Naturally those who were already in the ranks of this regiment were among the first to sign up with the colours. It just happened that this regiment was recruited largely along the banks of the St. John river. Then recruits were taken from Madawaska, Victoria, Carleton, York and Charlotte. Those living in the French-speaking section of Madawaska and Victoria counties naturally joined up with that regiment. Before the regiment was recruited to full strength, I believe a campaign was carried on in the counties of Restigouche and Gloucester. The number recruited from these sections was quite limited, but they helped to fill the ranks of the York and Carleton Regiment, first division.

When the second division was mobilized, men from the districts along the north shore formed the nucleus of the recruits in the infantry division from New Brunswick. More recruits were obtained from the northern or French-speaking section of New Brunswick than when the first division was mobilized. At that time, however, a number of boys who lived adjacent to the province of Quebec had enlisted in the Gaspé and Matapedia valley regiment which had been mobilized for the first division. Credit for those enlistments was not given to New Brunswick. These boys were French-speaking and they joined up with Quebec regiments.

In connection with the physical condition of those who joined, it is an unfortunate fact that the men from the northern section of New Brunswick were not as physically fit as those from the lower part of the province. I shall not attempt to explain this, but there are two main causes. These people have to work hard for a living. Many of them are engaged in lumbering, and they do not have much time for sports and games. They work from daybreak to sundown. Many of them are fishermen, and the life of a fisherman does not tend to produce a strong and robust man. Social workers will tell you that people who spend most of their time in a fog on the high seas, who are not working as strenuously as a farmer and who, therefore, do not require the same nourishment, do not tend to develop bodily to the same extent. Furthermore, they do not have time to practise physical culture, to go to doctors, and to carry out modern methods of hygiene. The war will have one good effect: it will enable us to remedy this condition as quickly as possible.

Mr. PURDY: Is it the intention of the minister to take any action in connection with the barring of private soldiers from the three leading hotels in Truro? My opinion is that if these men are good enough to fight for us, they certainly are good enough to eat with us.

Mr. POWER: I noticed that in a Montreal paper this morning, and I got after it immediately.

Mr. HANSON (York-Sunbury): What is that?

Mr. POWER: The paper contains an interview by the Canadian Press with Hon. Michael Dwyer, former minister of mines of Nova Scotia and now general manager of Nova Scotia Steel and Coal company. He asserted that at Truro the hotels are barred to the non-commissioned ranks, to private soldiers. He relates that while he was endeavouring to enter a hotel with some private soldiers, he was barred by soldiers with fixed bayonets.

Mr. HANSON (York-Sunbury): I have the story now. When he went to the hotel with his friends, two soldiers barred the entrance with crossed bayonets. He goes on to state that the same thing occurred at the entrance of each of the three leading places. That would be an action by the military authorities, not by the hotels.

Mr. POWER: I immediately asked the officers of the department to get in touch with the commander at Debert. May I say by way of explanation that certain districts or localities and even certain institutions or establishments are quite often barred to soldiers. I must say, however, in justice to the two hotels in Truro, that they are not of the class that would normally be barred. I want to make that quite clear. As the result of a long distance conversation with the assistant adjutant quartermaster-general of Debert camp I ascertained that there are two hotels in Truro, the Stanley house and the Scotia.

Mr. PURDY: What about the Belvedere? This article refers to three places.

Mr. POWER: They spoke only of two. The Scotia hotel is apparently out of bounds at the request of the manager on account of a disturbance which had been created in the hotel by soldiers a year ago. That order was issued in October, 1940. The Stanley house is in a different category. Apparently it has been reserved to officers on the grounds that they cannot or do not go anywhere else. During the last war I was a private soldier for a considerable length of time, and there was not a hotel in London into which I did not go even though there were generals and so forth there. Needless to say, my view was that the sort of thing which has been mentioned should not be tolerated in the army. We are, however, making further inquiries, and perhaps I shall have to consult with my associate and colleague before giving a definite order.

Mr. GREEN: The Minister of National Defence put the situation with regard to recruiting very clearly last Wednesday. Referring to the recruiting campaign in the summer he is reported at page 4115 of *Hansard* as follows:

> The assumption was that if we could enlist men at the rate of 12,000 or more per month in the campaign, there ought to be no difficulty in enlisting 7,000 or 8,000 under the influence of the momentum which had been generated. But there was a definite falling off. As the figures show, in the last four months, since the campaign, we have asked for 37,000 odd, and something over 24,000 have actually enlisted.

This means that the recruiting campaign at the present time is not a success, and that is perhaps the most vital question facing this house at the present time. I would ask the minister to tell us what plans the government have in mind to make recruiting a success. We should be told what plans are in mind.

I should like to make two suggestions, and no doubt there are many others that could be put forward. First, it seems foolish to rely largely upon sending around bands all the time. I do not know what the practice is in other parts of Canada, but in Vancouver a band parades up and down the street two or three times a day, and there is a recruiting station or perhaps several of them. I think it would be much better if, in addition, we could have stationed in the city a tank or some other type of the most modern military equipment. I am quite sure that it would be of interest to our young men because they are all mechanically-minded anyway, and the army is continually calling for mechanics and tradesmen. I suggest that it would be very much worth while to change the present method and send some modern tanks to different parts of the country to give the young lads a chance to examine them and see how they go. In that way far more enthusiasm would be stirred up than is aroused at the present time.

My other suggestion is this. I think the government misses a grand opportunity by not doing something without further delay with respect to dependents allowances. When the war broke out the policy was adopted of paying an allowance for only two children of the enlisted soldier, no matter how many children he actually had. We were told at the time that it was done in order that men with more than two children would not enlist. But despite that fact, men were taken on who had more than two children, and there are many men in the forces now who have more than two children, yet their wives receive an allowance for two children only. I daresay nothing does more to hamper recruiting than to have that condition exist to-day all across this land. Here is the wife of a soldier with five children drawing only the allowance that goes to the wife with two children. Not only is there bound to be insufficient food for the family, but they cannot get proper living accommodation or proper medical treatment, and it is almost impossible for the family to live under decent conditions unless they have other means. I am sure that practically every member of the house has run into that difficulty, and I suggest that provision should be made at once to pay an allowance for all the dependents of a man who is overseas.

Furthermore, I think these dependents should get a cost of living bonus. As it is

to-day, they are pretty well forced to live on a minimum scale, which is not good enough for the dependents of the men of the fighting forces. I suggest that these women and children should be granted a cost of living bonus. The same applies to the men of the last war who are on war veterans' allowance, and to the pensioners, who are in a most difficult position. The young man who has not enlisted sees these veterans of the last war and says to himself, "Well, if I enlist, am I to be treated in that cavalier fashion when I come back from this war? What is the use? Why should I enlist and have to come back and fight the government in order to be able to live?" Those are the arguments with which we are being met in the ridings day after day. These men should get the cost of living bonus. Old age pensioners are in the same category. They are drawing only $20 a month and that simply means semi-starvation. They are on the government payroll just the same as civil servants, and yet, although they are given an extremely small amount to live on, they are not considered in the cost of living bonus scheme at all. Things like that are hurting the recruiting campaign, and until the government wakes up and realizes that these are the conditions across Canada to-day, do not expect very much in the way of recruiting. The government cannot get the men unless it remedies these conditions, and I urge that there should be no further delay in meeting them.

Mr. POWER: Answering my hon. friend's first question dealing with the shortage in recruits during the past recruiting campaign period, if I may use his own argument of a moment ago, I would call his attention to the fact that during that period there were at least enough men enlisted in the air force and in the navy more than to make up the quotas required.

Mr. GREEN: But the government needed the men in the air force and in the navy besides those who were required in the army.

Mr. POWER: My hon. friend was lumping them together to get a true picture, and so I say that the recruits for the navy and air force must be lumped together as well.

Mr. GREEN: But the Minister of National Defence stated that the army was 13,000 men short.

Mr. POWER: That does not mean that the man-power of Canada did not come forward to do its duty. It did not come forward to the army because the army has not the same attractions for them.

Mr. GREEN: The army did not get the number of men they wanted.

Mr. POWER: With respect to my hon. friend's next point, bands for recruiting purposes, this is the first time I have ever heard any member of this house say that such bands were useless.

Mr. GREEN: I would not say they are useless. I think they help, but I suggest using the other method too.

Mr. POWER: This whole country went crazy over telling us to get bands, and for a while, when I was acting Minister of National Defence a year ago, after the death of the late lamented Norman Rogers, I kept on authorizing bands as fast as I could to put a little more colour and glamour into recruiting.

Mr. ROSS (Souris): A good idea, too.

Mr. POWER: I think everyone agrees that a band helps to do that. I am not quite sure, speaking for myself personally, that a parade of tanks or the use of a dug-out or other paraphernalia is of great effect in getting recruits. I know that the officers of the department and civilian committees interested in recruiting have thought they were of some effect. I do not know myself but I shall be only too glad to pass my hon. friend's suggestion on to the proper authorities.

With respect to increasing the dependents' allowance, it has been stated in the house by the responsible authority, by the Minister of Finance, and, I think, by my colleague, the Minister of National Defence, that this question is being studied by a committee of the cabinet, and I believe a decision should be arrived at very shortly.

Then my hon. friend came back to the old problem of the rehabilitation of the ex-soldier. I am under the impression that the rehabilitation programme as laid down by the present minister of pensions is something which, when it comes to be studied, will appeal to the returned soldiers of the preceding generation as well as to the returned soldiers of this war. There is ample assurance that they will be looked after, perhaps not to the extent that they would wish themselves, but looked after in a way that will obviate the necessity of constant requests and petitions to the government. Decisions have been made, and rules and regulations laid down by order in council, which assure them of far greater benefit than, possibly, those who served in the last war were able to obtain.

Mr. GREEN: The minister did not deal with my main request, which was for some information as to the recruiting plans of the government. How does he propose to get these men?

Mr. POWER: The answer to that is very simple. My colleague the Minister of National Defence stated, when he was speaking in this chamber last Wednesday, that he had only recently returned from the old country. He returned on the day the session opened. He had not had time to consult with his colleagues. Certainly he has not had time this week; for, as my hon. friend knows, unfortunately he has been confined to his room on account of illness; and he has not had the time to consult with his colleagues in the war committee and in the cabinet with regard to his future plans. Those plans will be developed within as short a time as possible and will be announced to the country.

Mr. GREEN: Then there is no plan at the present time?

Mr. POWER: We are still recruiting.

Mr. L. A. MUTCH (Winnipeg South): This is, perhaps, an unusual opportunity—to be able to direct a remark to the minister to-night in both his capacities, upon this subject of recruiting. I should like to mention to him one matter which has caused a good deal of heart-burning, and to make a recommendation in connection with it.

The high percentage of rejections through medical examinations is due to either one of two things. Either the national health of the country and particularly of our young men is more deplorable than I think it is, or a wrong emphasis is being placed on the system of medical examination. We are in the unique position—I speak now of the army, of which I know, not of the air force and the navy—that the Canadian Army is a creation of the medical profession, that profession being composed of people who understand the art and practice of healing and on that account are entitled to respect. But this profession is in the rather odd position, not of its own choosing, of saying who shall serve and who shall not serve, with the result that, I believe, a great many of these medical officers, being young men without practical knowledge of what is required of the service in its various branches, are forced to decide whether or not a man shall serve, according to a routine order and a little book, a book which anyone who has been turned down for service will probably remember having seen. It is not, I say, of the medical profession's own choosing, and it seems to me and to many others in the service that the time has come when recruits should be examined by soldiers, their capabilities assessed and the decision made as to where in the varied services of the Canadian Army they would most likely be valuable, and then, when that has been decided, the medical officer should be called in to perform his true function, that of an expert witness who, having been told what is required of the particular man in the service for which he is destined, can state whether the recruit is physically fit for it or not.

Some of my colleagues may quarrel with that point of view, but I doubt very much if it will be seriously objected to by any of the medical profession. Under present conditions, in my opinion, there is wastage. I come back to the point I mentioned last night, namely, that we are judging every one of our prospective soldiers by the highest standard which would be required of any of them. In an army which comprises even six divisions or less, there is a place for those who, being willing and anxious to serve, do not qualify by the highest standards.

I put this suggestion to those of us who cheered when we heard the then Prime Minister of Australia say in this chamber:

> What does it matter if we come out into that world bankrupt? What does it matter if we come out into that world with lower standards of material living than we have now? What does it matter if in that world the rich are not so rich? What does it matter if in the last resort the business of statesmanship in that new world becomes the business of sharing justly a new and honourable poverty?

We cheered that; did we subscribe to it? We gave at least lip-service to it. But I suggest to the minister and the government that our attitude with respect to the sub-standard cases is prompted at least in part by the thought of the pensions yet to come. At any rate, I should like to see a reconsideration of the system of medical examinations.

Before I leave the subject, may I suggest to the Minister of National Defence for Air that the problem of recruiting, in so far as it is a problem, has been bedevilled somewhat by that which is in the nature of a contest between the services. I am one of those who think that recruits for all branches of the service might well be pooled and then, according to their various qualifications, assigned to that branch for which they are best fitted. Perhaps I would not give even the volunteers who come from our training scheme quite as much latitude in that respect as they already enjoy. I can understand the Minister of National Defence for Air getting enthusiastic about the fine body of men he has. We are all equally proud of them; most of us have boasted about his air force, and—some of us—about his own part in creating it. Perhaps he will not take it as unfriendly if I say to him that, in the opinion of at least one member of this house, it does not lie in his mouth to assert the superior Canadianism of any group of men in service in Canada, even the men in the force

of which he is so proud. I suggest to him—I think he agrees with me—remembering those men who serve in the army under less happy conditions, in particular, though not so much recently, still to some extent in the matter of pay, and certainly in matters of comfort, including the comical clothes in which we train our soldiers—that perhaps the test of sincerity of Canadianism and loyalty in the service was laid down long ago by One who said, "Greater love hath no man than this, that a man lay down his life." I believe that the Canadianism of the men in the rougher khaki will stand the test, even though some of them may have to pass out without "benefit of matriculation."

Mr. J. G. DIEFENBAKER (Lake Centre): Following what the hon. member for Vancouver South has said as to the necessity of removing all sources of dissatisfaction among service and ex-service men, there is a matter which I should like to bring to the attention of the committee, arising from a letter which I received this evening since coming into the chamber. I am going to read all material portions of the letter, which is from Earl Grey, Saskatchewan, and dated November 10, 1941:

> I have received a letter from the Department of Pensions and National Health, together with income tax forms, and I enclose their letter which is self-explanatory, and which I thought you might like to read, the forms I am returning, completed, to the proper department.
>
> I find it difficult however to reconcile the government's action in taxing the soldiers' pensions, especially when, owing to the increased cost of living, bonuses are now being paid to workers who are earning at least $25 a month more than my pension of $75 a month.

And this particularly, Mr. Chairman:

> My pension is for the total loss of sight in the last war, and this handicap, which necessitates paying out for everything that is needed by me, is an added burden to the increased cost of living.

In the last session I made an appeal—and I know it was sympathetically received, although not acted upon—that pensions should not be subject to income tax. Up until the present time they have not been subject to the national defence tax. Attached to the letter is a notice received by this pensioner, a letter that apparently has been sent out to all pensioners in Canada, which reads as follows:

> To all pensioners whom it concerns:
> Subject: National defence tax.
>
> A ruling given by the Department of National Revenue, income tax department, some months ago, to the effect that total disability pension was not regarded as income and therefore not subject to national defence tax has now been repealed.

I do not know the meaning of the word "repealed" there. The ruling in effect until recently was apparently that these men who are to-day receiving pensions by reason of the last war for total disability should not have imposed upon them the national defence tax. The word used is that that ruling has now been "repealed". I presume the word meant is "revoked".

> It has been ascertained that there is no statutory authority in the Income War Tax Act for the exemption from the provisions of such act of total disability pension.
>
> In the circumstances, this department will be obliged to make the necessary tax deduction from pension commencing January 1, 1942, in all cases where this action is indicated.

At a time when we are endeavouring to get recruits and every effort is being put forward to that end, even now at the end of this session we ought, in the interests of these men who to-day are in receipt of total disability pensions for their services in the last war, to remove that cause of dissatisfaction. I suggest that the act should be amended at once if there is any doubt, as apparently there is, whether the income war tax act provides for such exemption.

Mr. A. W. ROEBUCK (Trinity): May I commend the hon. member for Vancouver South (Mr. Green) for bringing up one matter which is near to my own heart. Nevertheless I would not have it thought for a moment that the interest which he has shown in soldiers' dependents is confined to the group to which he belongs. The sentiment is widespread not only in, but outside parliament, that an increased allowance of some kind should be made to the wives and children of soldiers who are in the army, whether abroad or still in Canada. The amount undertaken to be paid to the dependents of soldiers was calculated in 1939, and no doubt was calculated with care in order to give a living allowance at that time. If it was the right amount at that time—and I do not say it was or was not, but let us assume it was—it is the wrong amount now, because in the meantime the cost of living has advanced an amount which it is hard to state. It is easy to look up the cost of living index and see that it has risen 10, 15, 20, or 30 per cent; a little over 14 per cent is perhaps the general figure, but that figure is not quite applicable, because the style of living of these people is special, and one would have to calculate food and clothing specially and make due allowance for the kind of houses they live in and the rents they pay. The cost of living to them has probably increased more than it has in a general way. The likelihood is that the amount we are now

paying to them has decreased in buying power by more than 15 per cent over what was paid to them in 1939. I want to associate myself strongly with what has been said by the hon. member for Vancouver South in the interests of these poor people. We have had representations made here in Ottawa as to children without shoes, children improperly and insufficiently clothed, and most important of all, children who are not receiving sufficient nourishment, who are underfed. That should not take place in Canada.

I have thought that one of the really statesmanlike conceptions which has passed into actual law in the last two and a half years while we have been at war is the cost of living bonus. I think the Minister of Labour is to be commended for that very sound provision which raises wages proportionately to the increase in the cost of living, and which will probably in due season decrease the remuneration as the cost of living falls. That is a statesmanlike provision and has had a marvellous effect in our industrial centres, because it has removed the fear that increases in the cost of living would so whittle down the standards of life that our people would be in a much worse condition than they are now or have been. It has removed fear, and in doing so has settled the minds of the people, and they have gone to work forgetting for the moment about their financial troubles. It would do the same with regard to the dependents of the soldiers if they knew that as the cost of living increases in the future, payments would be made to them increased proportionately with the increase in the cost of living. There would be found very much less discussion of this matter; these women would take care of their children, look after their homes, devote themselves to their domestic duties instead of feeling impelled to take part in public movements to save their standards of living.

I am glad to learn from the minister that a decision on that matter will probably come down in the near future. I hope it will be a favourable decision, and I would say a generous decision would be welcomed by the people of Canada. It would be a statesmanlike provision if a cost of living bonus is paid to these dependents. I took part with the city council when the matter was brought up in Toronto; I came down with the delegation to press it upon the government; I have taken every possible occasion of a private nature to advocate this measure, and I want it to be written in the records of this house that I am in favour of it. I hope not only that a favourable decision will be made with regard to the soldiers' dependents, but that this bonus will be extended to all those people who are dependent upon the government for set amounts, so that the fear of the increasing cost of living shall be removed. They will know that no matter how high it goes, compensation will be given to them. The name of the minister who signs that recommendation will be blessed in this country.

Mr. HARRY LEADER (Portage la Prairie): I wish to make one or two observations in support of what has been said with regard to granting adequate allowances to soldiers' dependents. I do not think there is anything that would add more to the morale of our troops than to know that their dependents at home are being looked after. I do not know of anything that would stimulate recruiting more than to know that if our boys enlist their dependents will be adequately looked after.

I want to give two examples which have come to my notice in talking this matter over with my constituents. I have had several cases of boys who enlisted expecting to get an allowance for their mothers. In one instance this has been denied the mother, for the reason that she is not living with her husband. They are not legally separated; they have been living apart for many years; yet, because she has a husband living, she is denied the allowance in respect of her son who has volunteered his life in defence of his country. As I say, I have had several cases of that kind.

Then there is another instance I should like to cite to the committee. This is the case of two old age pensioners, each receiving $15 a month. They have a little property, which has been willed to the son who is now overseas fighting for Canada, who served during the last war and who volunteered once more for active service. I am informed by these old people that in the course of two or three years their equity in this little house will pass to the old age pension board, and I was asked if it would be possible to have the Old Age Pensions Act amended so that in such cases, where the son enlisted, the board would not exercise the lien which it held on the property.

I want to submit that case to the acting minister to-night. About a week ago I wrote a letter concerning this particular case to the Department of National Defence. I do not know whether that letter has come to his attention, but I should be glad if he would give careful and favourable consideration to the two matters I have submitted.

Mr. POWER: So far as they relate to the Department of National Defence I shall be very glad to do so.

Mr. CLARENCE GILLIS (Cape Breton South): I wish to associate myself with the hon. member for Vancouver South in urging the government to extend the cost of living bonus to old age pensioners and dependents of soldiers. My understanding of the cost of living bonus, as it has been applied by the government, is that instead of being a cost of living bonus it is a steady-work bonus, because one must work six days a week in order to get it, and it is based on one's daily earnings. That may be why it has not been extended to pensioners and dependents of soldiers, because it has not been worked out as a cost of living bonus. If it were, perhaps these people would be entitled to it, but as it stands it is a steady-work bonus.

In my opinion there are many things which are tending to retard enlistments. I believe one great factor is the length of time it takes soldiers' dependents to get their allowance after enlistment. During the past three months I must have written two hundred letters to the dependents' allowance board seeking to help these people. Some of them have had to go without their allowance for as long as three and four months, running round, writing letters, appealing to everyone. I think the minister would be doing something worth while if he could devise ways and means of speeding up the machine that handles dependents' allowances.

Mr. POWER: If my hon. friend will pardon me, I am rather astonished to hear that statement. I have not looked into the question of dependents' allowances for some little time, but something over a year ago I did a special job of work on it, and at that time I think the allowances were coming through with fair expedition. I should be very glad if my hon. friend would let me have any instances in which the allowance which was due under the regulations was held up for two or three months; I will take the matter up personally. I should be very glad to get it, because I was under the impression that this particular board at the moment was functioning with fair efficiency and expedition.

Mr. GILLIS: I want to assure the minister that in the part of the country from which I come the situation has been terrible for the past five months. These have not been isolated cases, either; it seemed to be a general thing.

Another complaint that we hear very frequently is with respect to the treatment of the soldier in camp who happens to become sick. This has been reported to me personally not once, but several times; a soldier reports sick; he is sent to his battalion medical officer. Invariably he gets medicine on duty, with practically no examination, and in some instances is fined 25 cents for reporting sick. When soldiers who have volunteered come home on leave and discuss these matters freely on the streets, there is not very much encouragement for the men whom we are trying to get to enlist voluntarily. That story is true; I have checked it, and I believe that situation should be remedied also.

There is still another matter with which we are concerned in Nova Scotia, at least; that is, the question of employment for men now unemployed. When they seek employment in the coal mining industry particularly, which is the basic industry of that province, the first question asked is whether they have medical certificates certifying that they are unfit for military service. If they do not have such certificates they are not taken on. On the other hand, a boy who is hired in that industry to-day is told definitely when he signs his employment card that he is hired for the duration of the war, and that when the war is over he will be relegated to the ranks of the unemployed. One hears it said quite freely on the street that if this is the programme of the government with regard to rehabilitation after the war, there is not much incentive for men to enlist voluntarily. In the first place, a man must be unfit for the army, and down there they construe that as equivalent to economic conscription. If a man is not fit for military service but is fit for employment, when he takes that employment he is told that it is only for the duration of the war.

There is another matter I should like to bring to the attention of the minister, which I think works a great deal of injustice and hardship. A man enlists in Nova Scotia and is sent to Ontario. He has a family of five or six children, though his wife receives an allowance for only two children. Then the husband goes absent without leave for perhaps twenty-one days, and the wife's allowance is discontinued for perhaps two or three months, depending upon how long he was absent without leave and how long he was kept in detention after being caught. The family are not responsible for the actions of the man. When he goes into the army his sergeant-major is responsible for his discipline; and if the man gets away and commits infractions of military law, he should be punished, not his family. It is a sad spectacle to see a woman who has waited a month or two for her allowance, only to be notified by the department: "Your husband

was absent without leave, and as a result your allowance is discontinued," effective on such and such a date.

Mr. POWER: I do not think the allowance is touched.

Mr. GILLIS: Yes; I definitely know it is. I have had many cases of that kind.

Mr. POWER: The assigned pay may be stopped, though I am not even sure of that. I know most certainly, however, that the dependents' allowance is not touched.

Mr. GILLIS: It may not be according to the regulations, but certainly it has been done. I have had many cases of it, and not only in Canada. I had two cases where the husbands were absent without leave in England, and the wives were some three months without their allowances. After some correspondence with the department at Ottawa an adjustment was made. Nevertheless they were without that allowance for some months.

Mr. POWER: Would my hon. friend send me the facts of that case?

Mr. GILLIS: Yes, I will; there are two of them. These matters tend to retard enlistment.

Then, with respect to rehabilitation, there are some points I should like to make. I know the minister has written a first-class order in council—at least it is good on paper. But my concern is this: when will it become operative? I have met many men who have been in the army, some of whom have served eight or nine months, and who have been invalided out for certain disabilities. Upon their return they find it impossible to obtain employment. They are on the street. They are unemployed. Industry does not want them, and they are not physically fit. I have known some of them, and I have had to buy shoes for at least two of them.

Those men circulating round do not tend to support voluntary enlistment. I am wondering whether the minister saw the article which appeared in the *Times-Review* of Fort Erie, Ontario, on Thursday, November 6. The article is headed "Armistice Day, 1941," and is written by Judith Robinson. If the minister has not read it, I suggest that he should. I shall not read it to the committee, but I would say, having read it, that it is the worst indictment thus far, in my opinion, against the government on the question of rehabilitation. It sets out the views of a party of returned soldiers from overseas, after serving twenty-two months in England. They received no pay leave in England and no pay on the boat. They did not have enough to purchase a package of cigarettes. There were some Americans among them, and the story told by one of the Americans certainly is not going to help our war effort in the United States. I would suggest that the minister investigate this matter. If it is not correct, then a correction should be made. If it is correct, then someone should answer for the treatment these men got upon their return from overseas. There is no doubt about it, it is a terrible story.

Mr. POWER: Hand it over.

Mr. GILLIS: I agree with the hon. member for Vancouver South that the cost of living bonus should be applied. As I said, however, I am skeptical as to whether it is a cost of living bonus, because it is not being applied in that way. It is based on the number of days a person works, and has nothing to do with the cost of living. If the government is interested in voluntary enlistment, I would strongly urge that some of these matters which appear small and isolated should be given consideration. If one may judge from the discussion, the opinion seems to be general from coast to coast. The treatment the boys are receiving in the camps, according to their own story, is certainly not encouraging to voluntary enlistment.

Mr. POWER: Just a word to my hon. friend. I have read only a paragraph of this article. It seems to me there is a certain amount of vituperation in it. The places to which the man interviewed assigns the army, and the adjectives he utilizes with respect to pay, could scarcely be put on *Hansard;* but, after abstracting the adjectives and the invective, I shall try to see what there is in it.

With respect to rehabilitation, my hon. friend knows that the order in council provides that from the time the Unemployment Insurance Act came into force, namely on July 1, men discharged from the army profit from that act, just as if they themselves had contributed to it. They are placed in exactly the same position as persons in civilian life, except that they do not have to contribute out of their own money. That is the broad outline of the order in council; I have not the details of it.

Mr. J. A. ROSS (Souris): I should like to associate myself with the hon. member for Vancouver South and other hon. members who have spoken on behalf of the dependents of those who are serving in the armed forces. They should receive the cost of living bonus. If there is any class of people in the community who should receive that bonus, then surely it is the dependents of those men who are serving in our armed forces.

I can substantiate some of the observations of previous speakers respecting conditions in recruiting. The wife of a soldier came to

me last fall to see if I could do anything about her receiving her dependent's allowance. She had not received her cheque for three months. I had the matter straightened out finally, and it was explained to me by the dependents' allowance board that the allowance had been held back because her husband had been reporting out without leave. She had to get along as best she could for those three months. I could give the minister the name, if he cared to look into the matter.

Mr. POWER: I should be glad to.

Mr. ROSS (Souris): We listened to a speech yesterday, and the matter was dealt with in an article in the *Globe and Mail* of October 10, with respect to the system of bulldozing draftees into offering their services for the armed forces. I do not suppose the officers responsible have authority from the minister's colleague, but that is a matter which should be checked up. It does not seem the proper procedure.

Mr. POWER: I know instructions have been issued that there is to be no coercion. I have seen the instructions.

Mr. ROSS (Souris): I am glad to hear that, because rumours are prevalent that that has been carried out in the training centres. I am also of the opinion that there should be more selection in connection with these volunteers. When the war is won I am convinced that it will be the old army which will be up there holding the fort. I say that with all due respect to the air force and the navy, each of which is doing a wonderful job. It is true that they are important branches of the forces. I suggest, however, that our army will have to be provided for, because it will be in there at the finish. These volunteers should be pooled to some extent, and I believe the Minister of National Defence for Air should change his ideas a little bit. He said the other day in the house that there was no selective basis, so far as he was concerned, and that he wanted all the volunteers he could get, and more. I believe that is the statement he made. While I agree with him, I suggest that there should be more coordination among the three defence ministers, and a greater division of the men. They should be given the duties for which they are best fitted.

Mr. POWER: Does my hon. friend wish me to give up the boys who have matriculated from high school and are fit for air crew?

Mr. ROSS (Souris): No.

Mr. POWER: Does he wish me to give them up to the army?

Mr. ROSS (Souris): No.

Mr. POWER: Because I am not going to.

Mr. ROSS (Souris): I did not make any such suggestion, and I quite agree with the minister that he should not do that. But there are many other young men who do not happen to have the educational standards, and so on, but who would make fit soldiers. I agree with him that all of us desire to have a fine air force, and a fine body of men, but we must go at this in a different manner, so as to provide for other forces which are not getting the recruits to the same extent as the minister is getting his.

Mr. HANSELL: We have heard from every group in the house with respect to the granting of the cost of living bonus to old age pensioners and soldiers' dependents. In fact, to-night we have been privileged to hear all parties associating themselves with one another. That is a happy feature of to-night's discussion. But our associating with one another does not pay the bonus.

There is a principle in connection with the cost of living bonus which hon. members in their speeches to-night have not recognized. The hon. member for Trinity congratulated the Minister of Labour upon his humanitarian act in bringing down regulations whereby the cost of living bonus would be paid to wage-earners, and the hon. member urged that the minister do the same thing in connection with old age pensions. The principle is this: The government is not paying any cost of living bonus, but if it were to increase the old age pension or give a cost of living bonus to soldiers' dependents the government, that is the country or the taxpayers, would have to pay it or we would have to borrow the money. The cost of living bonus to wage-earners is paid by industry. The Minister of Labour (Mr. McLarty) can pass regulations covering the payment of a cost of living bonus to wage-earners, and yet he is not able to pass regulations in connection with bonuses to these other people.

I wish to associate myself and this group with what has been said. I think it will always be found that this group is willing to spend money. As a matter of fact, the social credit philosophy is one of spending, but not spending other people's money or the taxpayers' money or money which would have to be borrowed. We have another way of doing it, but I am not going into that to-night. I quite agree with the principle of a

cost of living bonus. The complaint I have from wage-earners is that the bonus is not commensurate with the increase in the cost of living. They claim that the bonus should be higher. If industry must pay this cost of living bonus, they must get it from somewhere. If it is not to affect their profit, they must write it into the cost of the goods they sell. The effect of this is that they retrieve the amount from the consumer of the goods, so in the end the people pay it just the same.

Mr. MAYHEW: What about the price ceiling?

Mr. HANSELL: I am assuming that the cost of living bonus was paid before the price ceiling came into effect. I am glad my hon. friend brought that up. We are to have a ceiling placed upon prices. If the cost of living bonus is increased—and I think it should be—it will work a hardship upon industry if it has to pay that increased bonus without increasing the price of goods. I have no particular argument to offer either for or against the policy of the government. A price ceiling or rather the control of prices is something that we have advocated in this house for many years as being one of the things that would prevent inflation. We might not want to do it in the same way as the government is doing it, but in principle the method adopted by the government is what we have been advocating for a good many years. I say again that we believe that old age pensions and soldiers' dependents allowances should be increased, and that the responsible ministers should create some plan whereby this can be done.

Mr. HANSON (York-Sunbury): May I call the minister's attention to three matters about which I spoke to the Minister of National Defence (Mr. Ralston). He may have intended to deal with these, but he did not. I referred to the potential man-power of the nation. The minister said that a preliminary survey had been made and I wanted to know the results of that survey. The next question was dealt with in part by the minister, but he said that he wanted to see what he had said previously before giving a complete answer. This question referred to the disposition of our troops overseas. The minister made it quite plain that so far as service out of England was concerned, the final say was with the government here. The third question had to do with the government's policy of refusing to accept voluntary enlistments for the home army. I asked the minister to elaborate upon that policy and he promised to do so. Perhaps the minister will clear up these three matters in the order in which I have mentioned them.

[Mr. Hanson.]

Mr. POWER: With regard to the first question, I am under the impression that my colleague said he knew that such a survey had been made but was not in a position to speak of the preliminary figures. I do not remember just what figures my hon. friend asked for.

Mr. HANSON (York-Sunbury): We have not had any action in that connection. This question of the potential man-power of the nation is most important. Unless its disclosure is considered as being contrary to the public interest, this information should be revealed. If the minister can satisfy me that it is not in the public interest to reveal it at this time, I shall not press the point now but I will later on.

Mr. POWER: I do know that that has been looked into. I have not seen the figures. I was under the impression that the Minister of National Defence had asserted that he was proposing to look into these figures and that based upon the figures he would announce some policy or give some further information. I am under the impression also that he did not undertake to furnish the figures to the committee. After all, they come from another department.

With regard to the second question, that dealing with the authority of General McNaughton, the Minister of National Defence made it quite clear that in the final analysis the government would have to take the responsibility for the disposition of Canadian troops. While General McNaughton has considerable authority and while his advice would certainly be heeded, when it came to the disposition of troops, the moving of them outside England, not based on England, the government would have to take full and entire responsibility.

Mr. HANSON (York-Sunbury): Has that position obtained from the beginning, or was there another position which was changed at some stage?

Mr. POWER: I am not sure if any other position was assumed, but I think it was always understood, as I think it would be with any government, that apart from actual operations, if the question arose of moving any large body of troops to start a new campaign or open up a new front, that would be considered a matter of government policy. I do not think there was ever any other view which would go beyond that. For instance, to say to General McNaughton that he could take troops to Africa would, I think, be divesting the government of a responsibility which it owed to the Canadian people. I do

not believe there has ever been any other theory. There would be the other question of what disposition and use General McNaughton could make of his troops as long as they were based on England and were not opening a new front. If his troops were in France and there was some discussion, as there was in the last war, about opening a new front in Italy, under the circumstances I do not think the government would permit any military officer, no matter how high his rank, to move those men without consultation with the government.

Mr. HANSON (York-Sunbury): I agree with the statement of policy that the government should have the say as to the final disposition; I am not quarreling with that policy at all. I had the understanding that at one stage there was a different view held—I will put it in that way.

With regard to the position of the troops in England, it is quite clear now, is it not, that they come under the general authority of the British high command in England without reference to the government of Canada?

Mr. POWER: Correct.

Mr. HANSON (York-Sunbury): I think that is as it should be. May I ask another question? At the time of Dunkirk or just before, when Canadian troops were about to board or were actually on board ship, was the permission of the government of Canada sought and obtained for that movement or proposed movement of our troops?

Mr. POWER: I have a recollection of dispatches from General McNaughton—they have been made public since so there is nothing hush-hush about it—in which he stated that he had gone, I think, to Calais or Boulogne to reconnoitre the ground and ascertain whether it would be advisable for Canadian troops to be sent. If my recollection is correct, he was almost cut off from communication with Great Britain, and he came to the conclusion that it would be most inadvisable to send Canadian troops to Dunkirk.

Mr. HANSON (York-Sunbury): That is hardly the question I asked.

Mr. POWER: I think I am coming to my hon. friend's question. As to the brigade or part of a brigade of Canadian troops which actually landed in France and after a very short stay returned, my recollection is—and I think I was acting minister at the time—that General McNaughton advised the Canadian government of his plans.

Mr. HANSON (York-Sunbury): And they gave consent?

Mr. POWER: Yes.

Mr. HANSON (York-Sunbury): With respect to my first question, I have now been handed the reference, page 4118 of *Hansard* of November 5, second column, where the Minister of National Defence makes this statement:

> A preliminary study of the man-power situation in Canada has just been made. The chief of the general staff and I have returned from England after consultations with the general officer commanding the corps, and our friends in the United Kingdom. I have had no opportunity as yet to report to my colleagues. The war committee of the cabinet will be examining the situation thoroughly in the light of Canada's potentialities, and in the light of the needs, to determine the most effective ways in which the army can act and in which the army programme for 1942 can be developed as part of our war effort; and that, of course, will take account of the other calls on our resources of man-power and of materials. Therefore I say to my hon. friend that that is our objective—an all-out effort to the utmost of our strength based on a study of the situation and in the light of other calls which are necessary upon our resources.

I want to know what that preliminary study of the man-power situation revealed. If the minister is not able to reply just now—

Mr. POWER: No.

Mr. HANSON (York-Sunbury): —perhaps he will do so at some later stage.

Mr. POWER: I cannot answer my hon. friend's question, but I can say that I cannot express myself better with respect to it than my colleague, the Minister of National Defence, has already done.

Mr. HANSON (York-Sunbury): But these are very general statements. They do not give us any information.

Mr. POWER: Apparently my colleague was not prepared to lay down any policy until he had had an opportunity to study the figures with his chief of staff and his colleagues in the war cabinet, and then formulate some kind of policy. Therefore I am bound by that.

Mr. HANSON (York-Sunbury): And the minister is not able to go beyond that?

Mr. POWER: I should not like to go beyond that.

Mr. HANSON (York-Sunbury): The Minister of National Defence answered my question as to not accepting voluntary enlistments for service in the home army, and said that that was the policy.

Mr. POWER: I think that is the policy.

Mr. HANSON (York-Sunbury): I want to know what it is based on. I am not now dissenting from it, but I would like to know the reasons for that policy.

Mr. POWER: Possibly because through compulsory military service we are getting enough trainees.

Mr. HANSON (York-Sunbury): That is the answer?

Mr. POWER: I do not know of any other reasons offhand, but there may be others.

Mr. HANSON (York-Sunbury): All right; I will not press that.

Mr. E. E. PERLEY (Qu'Appelle): I was very glad to hear the question of soldiers dependents allowance and the cost of living bonus brought up. The cost of living bonus has been granted to other classes, and I trust that the minister will give the suggestions that have been made him to-night serious consideration.

I wish to lodge a protest against the treatment which some soldiers' wives have received since their husbands enlisted and went overseas. Since coming to Ottawa I have received three or four letters, and before leaving home I have on different occasions had people come to me, protesting against a deduction amounting in some instances to as much as $8 or $10 a month which is made from the allowance provided for dependents of soldier settlers in Saskatchewan, which deduction is made to pay interest due on soldier settlement contracts. I am sorry the Minister of Mines and Resources (Mr. Crerar) is not in his seat because it refers to cases under the soldier settlement board and to action taken by his department. These cases have been brought to my attention; I have reviewed them, and I think it is most unfair to make this deduction in view of the present cost of living and the fact that these soldiers of the last war have enlisted and gone overseas and left wives and families behind them. But evidently the soldier settlement board has persuaded the minister to deduct from $8 to $10 a month from their dependents' allowance to be applied as interest due on soldier settler contracts. I wish to lodge my protest against that action. The matter also concerns the Minister of National Defence because many of these men who went through the last war are overseas, and I hope the matter will be given his attention. These men are not in the air force.

While I am on my feet I would ask the minister to give us, if he can, figures with respect to the cost of each recruit obtained in the last recruiting campaign.

[Mr. Power.]

Mr. POWER: If my hon. friend means the cost to the government—

Mr. PERLEY: Yes.

Mr. POWER: —I am under the impression that that information has been put on *Hansard*. If not, I will get it for my hon. friend.

Mr. PERLEY: If so, all right.

I was interested to hear the minister review the recruiting campaign and the results achieved in the different military districts. As to district No. 12 in Saskatchewan, part of which I represent, if the present recruiting campaign has not measured up to expectations, it is only fair to say that in that district the early enlistments on the outbreak of the war were most favourable compared with those in any other part of Canada. In the constituency of Assiniboia—I do not see the hon. member for that riding in the house at the moment—there are one or two towns, and I also mentioned one or two towns in my own district last year, which before this latest recruiting campaign was started had enlisted every physically-fit man under thirty-five years of age. It was a very creditable showing, and naturally one cannot expect similar results now when the enlistments in that district a year ago were up to that high standard. I just wanted to put on record that if military district No. 12 is not making a favourable comparison with certain other districts mentioned here to-night, certain parts of that district last year held the record for recruiting for almost the whole of Canada.

Mr. BERTRAND (Laurier): The hon. member for Vancouver South is receiving a response to his suggestion to-night which he is not used to receiving from this side of the chamber. He is a very agreeable gentleman, and belongs to a party which is just looking for a man of his type now. I hope that we are not hurting his chance to-night.

I wish to say just a word about the allowance given to the soldiers for their children. It is a most important question, especially for the province of Quebec. I am quite sure that if the allowance, instead of being restricted to two children, were raised to provide for four or five children, the percentage of enlistments in my province would increase considerably.

Mr. MARTIN: Why stop at four?

Mr. BERTRAND (Laurier): I am glad to know that there are hon. members from other provinces who say the same thing. It is a serious matter. In my province and in my town young men marry as early as around twenty years of age. At thirty a man might have four or five children. He cannot enlist

on the basis of an allowance for only two children. I am entirely in agreement with the hon. member for Vancouver South that this question will have to be seriously faced if the government wants to increase enlistments under the voluntary system.

Mr. G. T. FULFORD (Leeds): I notice in the Ottawa *Citizen* this evening, on the front page, an item with the heading, "Reserve units get orders to recruit full complements." No doubt this is a move intended to further recruiting, but I am just a little afraid that certain difficulties will be encountered, in units especially that are not mobilized and are not associated directly with any unit serving overseas. I happen to belong to such a unit, and in spite of the fact that we furnished one of the companies for the Stormont, Dundas and Glengarry Highlanders, the fact remains that it is a battalion which lacks the local colour and the local associations on which our unit was founded. We have many fine traditions, including, a brilliant record in the last war, at Cambrai, Amiens and other places; but we see units all round us being mobilized, while we are left, as it were, holding the bag. We have lost thirty officers to other units, as well as 150 riflemen and non-commissioned officers, and at present we are finding it difficult to get men to turn out for drill.

It might be interesting to the committee to hear the results I had in interviewing all the men in the company to which I happened to be attached, with a view of getting them to sign up for active service. This was when we were in camp at Connaught ranges last July. I am glad to say that very few men signified unwillingness to sign up for active service. Many wanted to join the air force immediately and have subsequently been enrolled in that branch of the service. Others signified their intention of joining the navy. By far the largest number said that they would sign up the minute the unit was mobilized for active service. This applies to officers and men alike. Since our return from camp, however, it has become increasingly difficult to get the men to turn out for drill, in spite of the fact that there is a fine of $5 in the civil court if they do not put in the thirty days which are required of them.

I would suggest, in this matter of trying to bring the reserve force units up to full war strength, that one company at least be composed of veterans of the last war, and that the age limit for these veterans be increased from forty-five to fifty, provided that they are in the proper medical category. I venture to say that if that were done, in a matter of weeks this company would be the smartest company in any reserve force unit; it would be an inspiration and an incentive to the other companies; and in the event that they were needed for home defence, there would be none better to serve in that capacity. I know a great many returned men who on account of their age have been turned down, yet would make excellent recruits for a reserve force unit.

There is one other matter I wish to bring to the attention of the committee, namely, the number of officers from the last war who, since the outbreak of this war, have moved heaven and earth to get back into the service in some capacity. I have in mind two men, one of whom, especially, had a distinguished record in the last war and has vast military experience. In spite of trying every known means at his command, he has been systematically and consistently turned down. It seems to me that to leave a man of that type in civilian life is a great loss to the army. I feel sure that there are many others in the same position as this man, and I would heartily commend to the Department of National Defence that great consideration be given to utilizing this type of man, who wants to serve his country, who has the ability to serve his country, and above all, who has the experience.

Mr. F. D. SHAW (Red Deer): Before we get too far away from this question of dependents' allowances, there is a little information I should appreciate having, and one or two observations I should like to make. My remarks apply particularly to the matter of the dependents' allowance as it applies to the parents of one who has enlisted. I have been informed on more than one occasion that there are regulations covering the payment of allowances to parents. On the other hand, I have been told from time to time that there are no such regulations. I would ask the minister, therefore, in the first place, if he would comment—I will put it in that way—upon the regulations regarding the payment of these dependents' allowances. In the second place, I should like to know whether such allowances are paid in cases where a condition of total incapacitation does not exist. I refer to this condition of total incapacitation by reason of the fact that in certain cases which have been brought to my attention the amount of allowance has been determined by the degree of incapacitation. I have in mind particularly one case wherein the dispute between the board and the individual had to do with whether this man was or was not 50 per cent disabled. It was finally decided that he was not 50 per cent disabled, and allowance was paid.

In the second case another applicant was turned down because he was not totally incapacitated. I do not particularly care about bringing these matters up on the floor of the house, but it seems that all other ways of securing information have failed as far as I am concerned.

About a year ago a certain man residing in my vicinity whose only son is in the service was rejected by the board because he was not totally incapacitated. After about a year he made application to have his case reexamined. When that application for reexamination was made, a certificate of a reliable physician was submitted. I was informed that a board would be set up to reexamine this applicant. According to the letter which I received from the applicant, a certain individual in the town concerned was communicated with by the dependents' allowance board and asked to set up a board to examine the applicant. Before, however, he had time to set up the board, the dependents' allowance board informed the applicant that a report had been received and that his claim had been rejected, the grounds being that he was not totally disabled from a physical point of view. Furthermore, it was stated that this man was capable of doing a day's work in the harvest field and therefore was capable of supporting himself. I should like to know exactly what steps are taken when a board is set up for the examination of a person who applies for dependents' allowance, and if the reports submitted to the dependents' allowance board have to be concurred in by all the members of the examining board. I intend submitting the particulars of this case to the minister, but I should like to have one or two comments.

Mr. POWER: I shall be glad to get the full particulars. I am not aware of the system of setting up boards in districts to adjudicate as to the dependency of the person claiming. I thought that through the ordinary social agencies and possibly through the inquiry agencies of the Department of Pensions and National Health it was possible to obtain the information for the use of the dependents' board which would enable it to judge whether or not an applicant was a dependent. The procedure outlined by my hon. friend is new to me. Of course the broad principle is that in order to obtain dependents' allowance one must be dependent, and it is, I presume, only a question of proving dependency. But I shall be glad to look into that case. I was not aware of local boards going into this matter.

Mr. SHAW: Throughout the correspondence there has been repeated reference, not to the question of dependency, as I thought there would be, but to the question of the physical condition of the applicant.

Mr. POWER: That brings about the dependency, I presume?

Mr. SHAW: He was certainly dependent, but they did not seem to regard it from that point of view.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I desire to bring to the attention of the minister a certain case. I mention only a number, I will not give any name. It is E-29327.

A lady who was alone at home received a visit from three military police armed to the teeth who said they were searching for her husband who was supposed to be a deserter. She said, "I find it strange because he passed here on June 18, 1941, and landed in England on July 1, 1941." That man was serving in England, and the military police were going to his home to arrest him as a deserter. This lady writes asking me for an explanation, and I think the least that can be done is that the brigadier of the Quebec district should write her an apology of some kind. Some hon. members may smile, but I find it rather tough. Here is the wife of a man who is serving overseas, and she receives a visit from three men she does not know saying that her husband is a deserter when he is serving in England.

Mr. POWER: This is really a most extraordinary case, it is only my hon. friend the member for Témiscouata who would discover one like that.

Mr. POULIOT: I did not discover it; it came to me.

Mr. POWER: Having the letter, I shall certainly make inquiry.

Mr. POULIOT: I will send the original letter to the minister.

There are other extraordinary cases. I have some correspondence regarding a young man aged fifteen who had enlisted without his father's consent. I wrote to the army asking some information about him, giving his number. The correspondence with the regiment lasted over two months, and finally I received one morning a letter stating that it was not possible to find that man. I was just reading that letter when I saw his face in the door of my office; he was coming to see me. I asked him, "What regiment do you belong to?" He mentioned the name of the regiment, and he gave me the number of his company. Therefore I could immediately dictate an answer to the letter telling me they did not know anything about him by saying

that he was in my office and that the number I had given was the right number, and stating also what company he was in.

There was another young fellow, fifteen years old, who had enlisted without his father's consent. I sent a certificate of birth and a letter from the father saying the boy was too young to be in the army. He was in the ordnance. I wrote and wrote and wrote, and it was not possible to locate that man. The man existed. In the first place they knew nothing about the number; in the second case they knew the number fitted the man, but they did not know where the man was. I wondered whether he was a deserter, but he was not; only they did not know where he was. Finally, after two or three months, I discovered that he had been transferred from one unit to another and was in England. Then the army quite properly cabled to England to send him back here. I do not complain of headquarters with regard to that.

There are other extraordinary cases. There is one that I mentioned in the house in May or June of last year, which has been settled satisfactorily. It was most incredible, but the records are here in the department. The man has an English name although he does not speak much English, he speaks mostly French. He is a nice little fellow, a married man. First he was in Quebec city; then he was transferred to Camp Borden or Peterborough, or some camp in Ontario. I tried to get him a separation allowance; there was some correspondence, and I was told by one of the deputy ministers—the one who has resigned to enlist in the army—that this man was mentally unfit for the army. This soldier came home to visit a sick relative; while there, he had an attack of appendicitis. Following that, the next news I had was that he was a deserter. At the time he was arrested in Quebec city as a deserter he had in his pocket the original letter from the deputy minister stating that he was mentally unfit to remain in the army. I had to call Ottawa by long distance, and Ottawa had to call Quebec by long distance, in order to have this man released.

That is bad enough, but I read something worse in the Montreal *Gazette*, reprinted from the Toronto *Telegram*. For me there are no Jews or Gentiles, and I am quite eclectic in my appreciation of newspapers. This report stated that in an Ontario military camp there was high pressure when there was low pressure in other camps. The high pressure amounted to this: If a man signed his agreement to go overseas, he might enjoy leaves, passes and so on, and would be treated much better than the draftee who would not do so, though our mobilization act is for the defence of Canada. Then there are certain commanding officers who want to have 100 per cent of their effective strength go across with them, and those who do not sign up to go are penalized by being made to do fatigue work until they do sign. Thus, while the others have a certain amount of freedom, and can enjoy leaves and passes, these men must wash the floors and do that sort of work. It does not seem fair.

I should like to acknowledge my high appreciation of the kindness of the deputy minister and his secretary, who is just as efficient as the secretary of any executive—I need not mention names, but the minister knows of whom I speak—who have done their best to help me give all possible assistance to soldiers who are in trouble. That is the job we do. A friend of mine from across the floor mentioned that I had not been over there in the last war. I do not feel the need to speak of what has been done by anyone close to me; I do not like to boast of what has been done by others, but I am doing my very best in this war. I am trying to help those who want to enlist, by clearing away all possible difficulties in their way; but on the other hand I try to help obtain fair treatment for those who have a right to be exempted. It does not seem fair that men should be treated in the way they apparently are in our army.

I know of young men who have completed their courses at army schools, particularly at Vimy barracks, near Kingston. They were supposed to have learned trades, but instead were kept in the kitchen doing fatigue work, washing floors and so on. Some of these men were sent to Ottawa, but when they came here they were of no use; the officers here could not understand why men were sent here when they were not trained for the work they were supposed to do.

One day I was in Ottawa and needed some guidance with respect to certain correspondence. I telephoned the army, who told me to telephone national war services. I telephoned national war services, who told me to telephone the army. I said, "Well, I do not want to go from pillar to post; I want this information. The army directed me to you; now you return me to the army. I want to know where I must write." Then I called the army again; the army called the person who had drafted the regulations, and finally I was told that I must write to the registrar under national war services. In another case, with regard to an exemption that had been obtained by a certain man, I was directed by the army to get in touch with the chairman of the commission in Montreal, which I did, only to be told by this gentleman that it was none

of his business. We do not know to whom we should address our requests, and that situation certainly should be cleared up.

There was something else I read, this time not in the Toronto *Telegram* but in the Ottawa *Journal* of September 24, stating that a census of the religious beliefs of the troops was being taken. I do not see how it is possible to do that when it is not possible to learn how many French-Canadians have enlisted in a certain regiment. All that information should be available.

Mr. POWER: It is on the attestation card. The man states to what religion he subscribes, and usually it is on his identification disc as well.

Mr. POULIOT: That is fine, but I should like to know the number of French-Canadians who are serving in regiments such as the Black Watch, the highlanders, and so on.

Mr. POWER: I believe that information can be obtained.

Mr. POULIOT: Thank you. On the slope of Mount Royal, at the door of the new armouries, I noticed a bilingual invitation to young men to join the Black Watch, and this despite the fact that three French-Canadian regiments have not as yet been mobilized. These are the Joliet, St. Hyacinthe and Chateauguay regiments. Let me explain the point to my English-speaking colleagues. In the first place, French-Canadians were supposed to enlist in the old French-Canadian regiments, but if the doors of those regiments were not open to them, they had to swell the ranks of the Black Watch, the highlanders, and so on. Therefore these English regiments received credit for the enlistment of these French-Canadians. I do not think it is fair or just, and I had to bring to the attention of national defence headquarters the fact that French-Canadians sometimes were placed in regiments where the non-commissioned officers and officers did not speak a word of French, while they, the soldiers, did not speak a word of English. That is an absurd situation. They are alone and miserable in those circumstances. But when they are given an opportunity to be with men speaking their own language they are more at ease in military life.

I give credit to the deputy minister of national defence for having helped me transfer one of those boys who was stationed in the woods about twenty miles from Halifax. He was in an English-speaking unit, and was transferred to another one. Those are matters of fairness. It is a matter, not of religious or racial prejudice, but merely one of giving to those boys the opportunity to serve under the best possible conditions.

Although I must praise highly the excellent work done by Protestant as well as Roman Catholic chaplains in the army, it is essential that those boys keep their religious beliefs, whatever they may be. One day I had a conversation with Mr. Hocken, who was at that time leading the Orangemen, and who spoke a great deal against Roman Catholics. He told me that it is much better for a young man to be a Roman Catholic than to be an atheist. Those young men should keep their beliefs, and should be given an opportunity to worship as they have been taught.

I have in my possession a letter sent to me by a priest at Pennfield Ridge. It states the case of a young man who complained of the way in which he was treated. He points out that a Protestant service was held in the camp in the morning, and that while a truck was standing idle, and there were several Roman Catholics present, those boys could not have the truck to travel only a few miles to attend mass. They were told to attend the religious services at the camp, and they were not permitted to go to their own church. In the letter only the first name of the soldier is given, but I shall be pleased to hand it to the minister. It was given to me by the parish priest.

I hope that those conditions will be changed, and that French-Canadians in the army will not be considered inferior. In Canada we are at times given an opportunity to hear fine, patriotic speeches. We must always understand that we are all brothers, and ready to do everything to help each other. But a French-Canadian should not be considered in the same category as the negroes of the southern United States. The sidewalk belongs to all. The way in which some French-Canadians are treated at Vimy barracks, Petawawa and even at Cornwall is shameful and unworthy of our country. I hope it will soon be corrected. I leave it to the Minister of National Defence to discuss it with the proper authorities. I know they are people of good will, and they are not always responsible for the wrong things that happen. But the finger must be pointed at them, so that the correction shall be made.

I should hope that between now and next spring Canadian defences would be improved. This is the time to do that, so that we may not be taken by surprise early next year. Some people may laugh at the suggestion; some may jeer, but let them remember that an ounce of caution is better than a pound of cure.

Before taking my seat I would ask the minister to state on what authority training was extended, first from one month to four months, and then from four months to an indefinite period.

Mr. POWER: I am not sufficiently familiar with the regulations, but undoubtedly the extension from one month to four months was made legally, and I believe it was done by order in council, and probably under the provisions of the National Resources Mobilization Act. I would be glad to find the order in council for my hon. friend, if he wishes to have it.

Mr. POULIOT: I thank the minister. If he is good enough to-morrow to tell me whether it was done by order in council, or done under the minister's signature, by virtue of the regulations, that will be sufficient.

Mr. POWER: All right.

Mr. J. H. HARRIS (Danforth): It would seem that the Minister of National Defence for Air is leading the government to-night, and is looking after the interests of the Minister of National Defence. It was the Minister of National Defence for Air who originated a letter of December 5, 1940, which had for its purpose the bringing about of some co-operation or coordination in connection with the many medical services in the Department of Pensions and National Health, with which the minister is well acquainted, the Department of National Defence, the Department of National Defence for Air and the Department of National Defence for Naval Services.

In that letter of December 5 the minister asked that an interdepartmental committee convene to discuss, among other matters, national economy. In any event, heads of the different services were to sit round a table, discuss their problems and work out something sensible and practical. Perhaps the minister will agree that his success was not what he had hoped. The records will reveal that during the past summer the matter was discussed by some very ordinary members of parliament and, as a result of those discussions, I should like to place a few observations on record. It must be borne in mind that my only interest is that of having an all-out war effort based on practical experience. If the committee will permit me to say so, it has been my privilege during the last decade to establish a hospital at a cost of $800,000. To-day it is entirely out of debt. In that hospital there are to-night probably 160 patients, fifty doctors and ninety-eight nurses. I admit, of course, that it is a civilian hospital. We know something about medical services. If that is not sufficient evidence, then I would ask any member of the war expenditures committee to give his views with regard to what we found out about the present set-up.

Before I proceed may I say that all this is somewhat in the form of a side-light. Perhaps it should not be brought to the attention of the committee to-night, but this seems to be a kind of a slow-down period, and I am taking advantage of the last ten or fifteen minutes and the fact that the minister knows a good deal about this problem and has shown more initiative in connection with it than any other hon. member. What is the situation? We have a set of medical services in the Department of Pensions and National Health with twenty years of experience behind them. The sound organization to be found in that department is a credit to the minister who is leading the house to-night. He was followed by the present Minister of Pensions and National Health who had experience in the other field before coming to that department. I have a high regard and respect for the work which he has done. These two ministers have built up an organization which is a credit to Canada. I was going to say "sound organization", but sometimes it is difficult to use the word "sound" when talking about organizations of a civil service variety. It so happens that in the Department of Pensions and National Health we have had these able ministers who have developed something really worth while. I am not saying for one moment that the medical services of the Department of National Defence, the Department of National Defence for Air and the Department of National Defence for Naval Services are inadequate. The interdepartmental committee which has charge of these services is not functioning as the Minister of National Defence for Air had hoped it would when he originated the letter of December 5. I am not making any charge with regard to that.

Mr. POWER: They have done reasonably well; they have made a survey of each locality.

Mr. HARRIS (Danforth): They have not sat in at the regular meetings.

Mr. POWER: In regular meetings?

Mr. HARRIS (Danforth): Which were asked for.

Mr. POWER: Who asked for them?

Mr. HARRIS (Danforth): The letter of December 5. There is no record or minutes of the meetings which they did hold, and no real report has been made to check over-

lapping and duplication in each of the services. This is not criticism, it is simply stressing the need for cooperation between these departments. In the city of Ottawa we find four different buildings where supplies of a like kind are sent out to citizens who have had to be hospitalized, some of the supplies being sent out by the Department of Pensions and National Health, some by the Department of National Defence, some by the Department of National Defence for Air and some by the navy.

My appeal to-night is that we should endeavour to get more cooperation. Perhaps "cooperation" is not the right word to use; we should have more coordination of the efforts of these different departments of government. For instance, in the Daly building will be found a laboratory set up by the Department of Pensions and National Health. Here is an efficient staff making up cough mixtures and other standard drugs and medicines required for the hospitalization and care of patients under the charge of this department. Then on Kent street we find a duplication of the same service, another laboratory mixing up cough mixtures and medicines of one kind and another.

What happens to these products after they are made? They are shipped out to the different medical centres of the different departments. The quantities are small, but they may go to the same destination. In Toronto will be found patients from the Department of National Defence and in the same hospital, patients from the Department of Pensions and National Health. Two separate shipments may be made. There is not sufficient coordination between these different services, and the result is that this duplication is costing us money.

Mr. POWER: If I understood the hon. member correctly, he refers to the Christie street hospital and intimated that in that hospital there might be a patient belonging to the Department of Pensions and National Health, one belonging to the army, and possibly one to the navy or the air force. The fact is that the Department of Pensions and National Health takes charge of these patients at a contract rate at so much a day. Therefore, it would not stand to reason that drugs would be sent to this hospital from the different distribution depots in Ottawa. In that instance I do not think my hon. friend is correct.

Mr. HARRIS (Danforth). I used the city of Toronto as an illustration because I happen to know something about it. The main point is that these services should coordinate and not duplicate their efforts. Let us go further afield and take Macleod, Alberta. If goods are shipped from Kent street and similar goods are sent out from the Daly building—

Mr. POWER: As far as I know, there is no unit of the Department of Pensions and National Health in Macleod, Alberta.

Mr. HARRIS (Danforth): Go still further afield; I will take my hon. friend to British Columbia.

Mr. POWER: Go to Calgary.

Mr. HARRIS (Danforth): What I am trying to say is that the movement started by my hon. friend the Minister of National Defence for Air to get some coordination should have been carried through, but it has not been carried through. I ask him to read the recommendations of the war expenditures committee.

Mr. POWER: The recommendation is only that this board be made a kind of permanent board. It was set up as an *ad hoc* board to deal with certain cases in certain districts, and it did deal with them. But as I understand it, the war expenditures committee has recommended strongly that it be made a kind of permanent board. Am I right in that?

Mr. HARRIS (Danforth): I do not think it will do any harm to put it on the record. I quote from page 615 of the proceedings of the war expenditures committee:

> Interdepartmental committee:
>
> By letter dated December 5, 1940, the Minister of National Defence for Air indicated his desire that the whole question of medical and hospital services be thoroughly explored.

That was not done.

Mr. POWER: Oh, yes, certainly. I do not like to contradict my hon. friend, but a survey was made of each military district and a statement given indicating the number of beds belonging to the army, pensions, the air force and the navy, and there was a recommendation, I believe—I would not be sure about this—as to how many beds would be required. I have that somewhere in my possession. Therefore a survey was made, and only this week I referred another survey in the city of Halifax to this very committee to ascertain whether certain required expenditure in the way of hospital beds was justifiable, and they recommended that it was.

Mr. HARRIS (Danforth): I have great respect for what the minister says, and I am rather prone to take his answer—

Mr. POWER: I have a good memory.

Mr. HARRIS (Danforth): —but the answer of the committee itself, which was dominated by and predominantly made up of friends of my hon. friend—

Mr. POWER: I have no friends in this game.

Mr. HARRIS (Danforth): Oh, yes. The answer of the committee itself was that "the above committee has met infrequently—"

Mr. POWER: It was not supposed to meet otherwise.

Mr. HARRIS (Danforth): "—since and from the evidence adduced before the subcommittee we are of the opinion that the greatest possible use is not being made of this interdepartmental committee." That report was signed by J. T. Thorson, chairman. I am almost commending my hon. friend for having the initiative eleven months ago to originate this committee and I am endorsing what he has done. But if he does not want any assistance, if this house does not want any help from hon. members—

Mr. POWER: I am only too glad to get help.

Mr. HARRIS (Danforth): —I submit it is time for the Prime Minister to rise in his place and say so.

Mr. POWER: My hon. friend misunderstands. I said that this body was set up as an *ad hoc* body, never as a permanent body, but I am very glad that the war expenditures committee confirms my judgment and makes it a permanent body. But my hon. friend has no right to blame anybody because it did not meet more frequently. It was not asked to meet. It did make a survey of all the military districts across Canada. From time to time it has been asked to make a survey. One such survey was made last week, as I have just told my hon. friend. If the war expenditures committee thinks this committee should be set up as a more permanent body, I am inclined to agree; I have no objection. As a matter of fact, I agreed with my hon. friend right from the start of the war. I felt that the Department of Pensions and National Health should do all the purchasing of drugs and medicines required because they have had twenty years of experience while the air force have none.

Mr. HARRIS (Danforth): I do not want to get into any controversy over this matter. The member for Danforth is of the same opinion as the minister, and why? Because we find in that department men in uniform —I have the highest regard and respect for them, and I know they are trying to do the very best they can—who have been drafted into this work in which they have had no training, men with sergeants' stripes accustomed to being warehousemen and shippers. They are gathering together equipment here in the National Grocers' building on York street, and they do not know the difference between an X-ray machine worth $5,000 and a bathtub worth $5. They are packing this stuff on trucks and shipping it out. They are men in uniform. They are doing the best they can, but they simply have not had the necessary experience. What is the result? I did not purpose putting this on the record, and when I do put it on I put it on because the minister has raised the point and with the idea of helping out a difficult situation.

With regard to equipment and the shipping of supplies across Canada by the medical services branch of the Department of National Defence, what do we find? First, with regard to the records, scores of thousands of dollars worth of goods bought, and properly so, to take care of these men, bought through means of indents made on the Department of Munitions and Supply, and properly so, and then brought into warehouses under the supervision of men in uniform, anxious to serve their country but inexperienced in the work that has been handed to them. The result was that the stockkeeping records on Kent street in July of this year showed thousands of dollars worth of goods supposed to be in store, and perhaps they were, supposed to be on the record as at the end of Canada's fiscal year ended March 31, 1941, and in July those records had not the official approval of the auditing service of the Department of National Defence. This is no charge, Mr. Chairman. This is a condition we are all anxious to remedy.

Mr. POWER: There is no accusation that the goods disappeared. We do not know whether they are there or not. That is the point?

Mr. HARRIS (Danforth): This work was sprung on them by reason of the war. I am commending this idea of an interdepartmental committee. These records were in lead-pencil figures. The balance on that ledger brought down as of March 31 was in lead pencil. Why were these figures not in ink? Because they had not been audited. In this muddle they said: "We will start off with a new bookkeeping system but will continue with the lead-pencil figures until such time as the audit is made for the financial year." They

carry on for April, May and June with a new set of books. In July the books are still not audited, and we asked the head of that service, "What about it?" The auditors were there in May, but the head of that service did not know whether these books had been audited up to the end of the fiscal year March 31, 1941. He admitted that frankly when he was asked what might be done to clear up the muddle and the mess they were in with regard to thousands and thousands of dollars worth of stock in medical stores for the whole of the army service. Mark you, Mr. Chairman, he had one system prior to March 31, and a new one after March 31. The deposition on the record says, "I think perhaps we should start a new system altogether." The result is that the books were not audited. What I am trying to say in my last sentence, is that the initiative which was inspired by that letter of December 5, 1940, should be carried through in those services.

The committee rose and obtained leave to sit again at the next sitting of the house.

On motion of Mr. Crerar the house adjourned at 11.04 p.m.

Thursday, November 13, 1941

The house met at three o'clock.

PRIVILEGE—Mr. HARRIS (Danforth)

Mr. J. H. HARRIS (Danforth): I rise to a question of privilege. While the Speaker was still in the chair at 11.05 last night, the hon. member for Norfolk (Mr. Taylor), who functions as the whip of the private members at least of the government party, representing the golden silence in this house of the Liberal members, rose in his place and made some observations which do not appear on the record. The observations that I made in reply also are not on the record.

My opinion is that this golden silence on the part of the hon. members, and which is maintained by the whip of the party, is at least the kind of obmutescent aphony of the mummified mummery of intellectual void that we get when we do peer into their intellects. When something emanates, it should go on the record. I ask that the record be completed.

Mr. GLADSTONE: I am bound to say to my friend the hon. member for Danforth that certain words he uttered were uttered when the mace was being lifted from the table.

[Mr. J. H. Harris.]

Mr. HARRIS (Danforth): It was not on the table.

Mr. POWER: I have no recollection of the incident referred to.

Mr. HARRIS (Danforth): With the indulgence of the house, if I have unanimous consent, I will repeat the words as nearly as I can remember them, if the whip of the government party does not feel disposed to rise in his place and reiterate them.

Some hon. MEMBERS: Order.

Mr. HARRIS (Danforth): They were: "You have no right to close off discussion; as long as this war is on we should stay and complete our business in an orderly manner."

Mr. SPEAKER: I am in the unfortunate position that I was not in the chair and therefore am not aware of what happened last night. I would ask the hon. member if he was on his feet when he was making the remarks to which he refers.

Mr. HARRIS (Danforth): Yes, I was on my feet.

Mr. SPEAKER: But was the other hon. member on his feet?

Mr. HARRIS (Danforth): Yes, or at least in the rising position which passes for that. To my knowledge he has never been on his feet since he has been in this house.

ALASKA HIGHWAY COMMISSION

TABLING OF REPORT ON PROPOSED HIGHWAY BETWEEN UNITED STATES PACIFIC NORTHWEST AND ALASKA VIA BRITISH COLUMBIA AND THE YUKON

Right Hon. W. L. MACKENZIE KING (Prime Minister): I lay on the table the report of the British Columbia-Yukon-Alaska Highway commission, together with the evidence.

I have a statement of the main features of the report. It might be of interest to the house to have that statement on record. If it is agreeable I ask that it be placed on *Hansard*. It simply sets forth the main features of the report.

Report of British Columbia-Yukon-Alaska Highway Commission (Canada)

This commission was appointed by order in council of December 22, 1938. It was instructed to inquire into the engineering, economic, financial and other aspects of a proposed highway to connect the Pacific Northwest of the United States with Alaska by way of British Columbia and the Yukon.

This project had been under consideration by various official and unofficial bodies in Canada and the United States for some twelve

years or more, and reports had been made by a United States commission in 1933 and by a Canadian interdepartmental committee in 1938. This latter report was not published. In 1938 representations were made to the Canadian government by the government of the United States with regard to the desirability of providing for the construction of such a highway, and the Canadian government was informed that the president of the United States had appointed a commission of five members "to cooperate and communicate directly with any similar agency which may be appointed in the dominion of Canada in a study for the survey, location and construction of a highway to connect the Pacific northwest part of continental United States with British Columbia and the Yukon Territory in the Dominion of Canada and the Territory of Alaska."

In the spirit of these instructions to the United States commission by the president, the Canadian commission which also consisted of five members, was instructed by the Canadian government "To meet for the purpose of discussion and exchange of information with the United States commission appointed for that purpose."

The Canadian commission, which consists of the Hon. Charles Stewart, Major General Thomas L. Tremblay, Mr. J. M. Wardle of the Department of Mines and Resources, Mr. Arthur Dixon of the Department of Public Works of British Columbia and Mr. J. W. Spencer of Victoria, with Mr. Stewart as chairman, held a series of public meetings in British Columbia and the Yukon in the summer of 1939, and, under its direction, reconnaissance surveys were carried out by the dominion and provincial engineers, both by air and on the ground.

The substance of these hearings and surveys was communicated to the government in a preliminary report in April, 1940. The commission at that time felt that further ground work by engineers would be necessary before it would be in a position to give a reasoned opinion on the respective merits of different routes that had been proposed for a highway. These additional surveys were carried out in the summer of 1940, and when the reports of the engineers had been received the commission proceeded to consider and digest all the available information. It also, in accordance with the instructions of the order in council, held meetings from time to time with the members of the United States commission, and discussed with them various problems arising out of their respective investigations.

The commission, having completed its investigation and deliberations, prepared for the information of the government of Canada the very comprehensive report which has now been tabled. This report, after surveying the results of previous inquiries, and summarizing the evidence obtained at the public hearings, describes in detail the various routes investigated by the commission, and analyses the information collected on the natural resources of the regions traversed by various proposed routes, the character of the country, its climate, snowfall, and so forth.

The commission has embodied in its report a great deal of relevant data, including estimates of costs. The commission itself reports that either of the two main routes investigated, known as the "A" and "B" routes, is practicable from an engineering point of view. It is understood that the United States commission concurs in this conclusion.

[Mr. Mackenzie King.]

These routes, the former nearer the sea and the latter nearer the mountains, are shown on the map accompanying the commission's report. The "A" route runs roughly from the vicinity of Fort St. James, in northern British Columbia, and by way of Atlin, near the British Columbia-Yukon border to Whitehorse, and from there to the Alaskan boundary. The "B" route from Prince George extends north through what is known as the Rocky Mountain Trench to Liard River and down the valley of the Pelly to the Yukon and from there to Dawson and the Alaskan boundary. The commission, after balancing the advantages and disadvantages of each route, concludes that the "B" route would best fulfil the purposes of the proposed highway.

In its consideration of the proposed highway the commission has assumed that the existing roads of British Columbia from the international boundary north to Prince George and Fort St. James would form part of the highway whatever route might be adopted, and confines its consideration of these existing roads to an estimate of the cost of bringing them up to the suggested standard of the highway.

The commission finds that the length of the highway from Vancouver to the Alaskan boundary would vary from about 1,700 miles to about 1,900 miles according to the route adopted.

The commission estimates the cost of a highway completed to the required standard, but exclusive of paving, at from $25,000,000 to $30,000,000, but as these figures are based upon reconnaissance surveys they are only approximate. The "B" route would be somewhat shorter than the "A" route and would cost less both to construct and to maintain.

The commission expresses its appreciation of the cordial cooperation of the government of British Columbia in placing all relevant maps and engineering data at its disposal and in authorizing at considerable expense additional field surveys by its engineers.

PRIVILEGE—Mr. GILLIS

REFERENCE TO ARTICLE IN MONTREAL "GAZETTE" OF NOVEMBER 12

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I rise to a question of privilege. In the Montreal *Gazette* of Wednesday, November 12, in the column written by Mr. F. C. Mears, the *Gazette's* parliamentary correspondent, the following statement appears:

Labour has its mouthpieces in the house, Angus MacInnis and Clarence Gillis. The latter yesterday in the house sought to tell fellow-members that there would be trouble in the mining area if labour's demands were not heeded. Then he coolly informed them that he foretold to them what happened in Cape Breton. But Gillis was not just an innocent onlooker of the disruption of coal production in Nova Scotia. It wasn't that he feared there would be trouble down there; he was closely associated with those who caused the trouble.

But how long is the government of Canada to submit to the humiliation of having to listen to people who would have the world believe they are just onlookers, even shocked at what is happening, or assuming the role of the prophet and seer and telling fellow-Canadians they told them so.

I strongly resent the insinuations contained in this article, and I think the correspondent has violated his parliamentary privileges in classifying the elected representatives of the people as mouthpieces, a term which in the public mind is associated with those who specialize in the defence of criminals. I want to state emphatically that I am the mouthpiece of no one in this house. I am the elected representative of a constituency that is largely labour, and at all times I endeavour to represent my people as best I may.

With reference to the insinuation that I was a party to organizing the disruption of the mining industry of Nova Scotia, I should like to point out to the *Gazette* and its correspondent that this dispute was going on for two and a half months while I was attending the sittings of this house in Ottawa. Therefore I desire to make it publicly known that I had much less to do with those responsible for the slow-down in Nova Scotia than the newspaper for which the gentleman in question is writing had to do with some of the financial interests who have been responsible for the economic conditions that bring about labour disputes which to date have frequently disrupted industrial relations in Canada. It ill behooves any man who has already sold his pen to the financial jackals of St. James street to refer to any of his majesty's elected representatives as mouthpieces.

Some hon. MEMBERS: Order.

Mr. GILLIS: I am answering the insinuations contained in this article; and the language I am using is exactly the sort of language used by the writer of this article, who has referred to his majesty's elected representatives as mouthpieces.

In the last paragraph the writer in effect recommends to the government the suppression of any minority opinions in the house and he who thinks along these lines is not too far removed from Hitler. We endeavour to avoid industrial disputes by pointing out to the government the economic injustices that exist among the common people. We do not set ourselves up as prophets or seers. We represent the broad masses of the people, with whom we are closely in touch in their every-day life. We intend to continue to expose the manipulations of the financiers and industrialists of this country who, if allowed, will travel the same road that was travelled by the ruling classes of other countries who are responsible for Hitler's domination of Europe to-day. If trouble develops at Kirkland Lake it will not be the responsibility of the common people in that area, but the responsibility of a small group of profit-mad mining magnates who place profits above patriotism at this time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

POSTPONEMENT OF MILITARY SERVICE—CONSCIENTIOUS OBJECTORS

Mr. CASTLEDEN:

1. How many persons have been granted postponement of services under the Department of National War Services in each province?

2. How many conscientious objectors, other than Doukhobors and Mennonites, have been granted postponements in each military district?

Mr. THORSON:

Statement showing by provinces the number of men whose military training has been postponed

(Not including conscientious objectors)

Province	No. of Men
Ontario	9,071
Quebec	14,804
Nova Scotia	1,286
New Brunswick	1,418
P.E.I.	217
Manitoba	1,743
British Columbia	3,303
Saskatchewan	1,180
Alberta	2,020
Total	35,042

Number of Conscientious Objectors, Other than Mennonites and Doukhobors, who have been Granted Postponement of Military Training in Each Division

M.T. Period	Administrative Divisions A	B	C	D	E	F	G	H	I	J	K	M	N	Total
1....	..	..	..	..	..	..	..	..	..	..	..	..	..	..
2....	3	3	4	1	..	..	1	..	1	..	..	28	37	78
3....	..	..	..	..	..	..	..	1	..	..	72	21	34	128
4....	8	..	..	..	..	..	..	..	..	..	8	11	6	33
5....	..	..	1	..	..	..	..	..	..	..	5	8	1	15
6....	..	..	..	..	..	..	..	..	..	..	1	5	..	6
7....	..	12	..	..	..	..	..	..	..	1	17	2	51	83
8....	4	..	..	..	13	..	..	..	..	4	4	..	..	25
9....	..	..	..	..	..	..	..	..	..	..	1	1	..	2
10....	1	..	1	..	..	..	..	..	..	..	5	1	..	8
Totals.	16	15	6	1	13	..	1	1	1	5	113	77	129	378

BUTTER AND MILK PRICES*

Mr. LECLERC:

1. Is it the intention of the government to set a minimum price for butter this month and during the winter season?

2. Will the government control the price of milk in the different municipalities?

3. If so, will the winter price be fixed soon?

Mr. ILSLEY: This is a question as to the intention of the government, having to do with a mater of policy. I am not sure whether it is a matter with which I should deal or with which the Minister of Agriculture should deal, but in any event I think there could be only one answer, that the intention of the government will have to be made known in due course.

OIL CONTROLLER

Mr. FAIR:

1. What is the name of the oil controller?

2. What position or positions did he hold at the time of his appointment?

3. Is he a shareholder in any oil or other company?

4. If so, what company or companies?

5. What remuneration does he receive as controller?

Mr. HOWE:

1. George R. Cottrelle.

2. President, Western Canada Flour Mills. Maple Leaf Gardens. Sawyer-Massey Limited of Hamilton. Director, Canadian Bank of Commerce. Asbestos Corporation, Limited. Foster Wheeler, Limited.

3. Mr. Cottrelle is not now, and never has, been a shareholder in any oil company. No information on Mr. Cottrelle's investments in other companies.

4. Answered by 3.

5. No remuneration. Mr. Cottrelle receives actual out of pocket expenses incurred in his duties as oil controller.

SALVAGE CAMPAIGN

Mr. JOHNSTON (Bow River):

1. What are the names, addresses and occupations of the six salvage campaign organizers?

2. How much is paid salvage organizers as, (a) per diem allowance, (b) travelling allowance, (c) remuneration other than salary?

3. Are any others employed in connection with salvage campaigns?

4. If so, who are they and what are they paid in, (a) salary, (b) per diem allowance, (c) travelling expenses, (d) other form of remuneration?

Mr. THORSON:

1.

Name	Address	Occupation
Roger Charbonneau	7396 St. Denis Street, Montreal, P.Q.	Insurance agent, Confederation Life.
B. A. Cox	238 St. Clements Avenue, Toronto, Ont.	Hydro Electric Power Commission (Accounting department).
G. H. Hummel	Nokomis, Sask.	Farmer.
J. O. Laird	1252 Victoria Avenue, Windsor, Ont.	District representative, London Life Insurance Co.
Andrew Sheline	902-18th Avenue West, Calgary, Alta.	Auctioneer, Calgary.
H. N. M. Stanbury	Room 69, 71 Spring Garden Road, Halifax, N.S.	Last position — manager of Canadian Permanent Mortgage Corporation and the Canada Permanent Trust Company.

2. (a) Nil.

(b) Nil; out-of-pocket travelling expenses, paid according to travelling regulations, authorized by order in council.

(c) Nil.

3. Yes; at departmental headquarters, Ottawa.

4. (a) Name	Position	Salary
William Knightley	Director. (Supervisor of stores and plant, Department of Transport, seconded to Department of National War Services)	$3,720 per annum.
J. F. McCallum	Assistant to the director	$3,120 per annum.
H. S. Athey, C.P.A.	Accountant and statistician	$2,880 per annum.
A. A. Pariseau	Clerk, grade 4	$1,620 per annum (plus cost of living bonus).
Mrs. E. F. Scrim	Stenographer, grade 2	$1,080 per annum (plus cost of living bonus).
Mrs. K. Bresee	Stenographer, grade 2	$1,080 per annum (plus cost of living bonus).
Mrs. P. Liston	Stenographer, grade 1	$720 per annum (plus cost of living bonus).
Miss Agnes Heidgerken	Stenographer, grade 1	$780 per annum (plus cost of living bonus).

(b) Nil.

(c) Out-of-pocket travelling expenses, paid according to travelling regulations, authorized by order in council.

(d) Nil.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FARM LOAN BOARD

Mr. REID:

1. How many applications for loans were received from each province by the farm loan board during each of the past ten years to the 31st March, 1941?
2. What number of such loans were granted and to what amount in each province during each of the above years?
3. What was the percentage cost of administration of the said board, each year during the above period, according to amount of money loaned and collected?
4. What was the cost of operation of the board's offices in British Columbia each year, from its inception to the end of March, 1941?

H. R. MACMILLAN

Mr. REID:

With what companies or firms is Mr. H. R. MacMillan, chairman of war time merchant shipping board, connected or director of?

WHEAT

QUESTION OF APPLICATION OF ALL SALES TO THIS YEAR'S CROP

On the orders of the day:

Mr. T. C. DOUGLAS (Weyburn): Yesterday the Minister of Trade and Commerce (Mr. MacKinnon) intimated that discussions were under way regarding the sale of wheat to the cereals import commission of Great Britain. Some time ago the Minister of Agriculture (Mr. Gardiner), speaking in western Canada over the radio, said the government had under consideration the possibility of applying all sales of wheat to this year's crop. In view of the fact that the minister has intimated that a very large sale may take place in the near future I would ask him if he can tell the house whether the government has finally decided to apply all sales to this year's crop.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The government has not so decided.

AIR TRAINING SCHOOLS

POSSIBILITY OF ESTABLISHMENT OF ADDITIONAL SCHOOLS IN SASKATCHEWAN

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): Is it the intention to establish any additional training schools in Saskatchewan within the next two months? As no doubt the air minister knows, several surveys have been made in that province and, since the accommodation and all other factors seem to be satisfactory, perhaps the minister would care to make a statement.

Hon. C. G. POWER (Minister of National Defence for Air): I thought that point was made fairly clear to the house in the statement I made the other day. So far as the empire training scheme is concerned, it is

complete and there is no immediate probability or even possibility of further aerodromes being constructed in connection with it. It is to be looked upon as a whole, and the whole scheme is complete.

With regard to other schemes, transferred United Kingdom schools, a programme has been laid down, and I think it is pretty generally known in which localities these aerodromes are to be constructed. So that at the moment there is nothing else in prospect, nor is there likely to be so far as we can tell. But of course I cannot tell, any more than anyone else in this house can tell, what developments may come about as the war progresses.

The hon. member mentioned surveys which had been made. During the last two years the Department of Transport has been constantly making surveys of localities which might make good aerodromes. I do not know that they are continuing at the moment, but it is possible that they are. It is not that we have anything in prospect, but we might as well be prepared against some future contingency.

THE WAR

INTERNATIONAL SITUATION SINCE JUNE 14, 1941 —CANADA'S WAR EFFORT

The house again in committee of the whole, Mr. Vien in the chair.

Mr. J. H. HARRIS (Danforth): Mr. Chairman, when the house rose last night I had completed a series of questions in the interests of national economy, more particularly with regard to the duplication of services to be found not only in the war departments, but in other departments as well.

In the form of some further queries I should like as precisely as I can to make a few more observations which to my mind are in the economic interests of Canada. I shall not refer to the work of the war expenditures committee, in deference to the Prime Minister's suggestion that that should be left until the next session—although I disagree entirely with that suggestion. At the same time I chafe under the inactivity resulting from lack of opportunity to do anything to help the general situation.

I have dealt with the matter of medical supplies and services. I come now to the hospitalization of our citizens, no matter what vocation they may be following, and I ask the administration to watch carefully that there is a minimum of duplication. When I make that request I have in mind that the government is charged with the responsibility of operating hospitals for the Department of Pensions and National Health, military hospitals, hospitals for the Department of National Defence for Air, and those for the naval services. I admit that these services call for specialization in taking care of patients in those different classes. At the same time we have in Canada also a considerable number of civilian hospitals recognized as class A on the north American continent. When I refer to class A hospitals I have in mind institutions which have the approval of a body known as the American College of Surgeons. Hospitals have as their objective that of being known as class A hospitals. I suggest that the policy advocated—not strongly enough, to my mind—of using, by contract or otherwise, space in the civilian hospitals, should be pursued.

I suggest that soldiers in the national defence forces who require hospitalization could be treated in civilian institutions, and the same would apply to patients from the Department of Pensions and National Health. There would be facilities in those civilian institutions to take care of all and sundry, thus obviating the expense of building new hospitals in different centres throughout Canada. That would seem to be the proper course, when hospital equipment of one kind and another is already available.

Secondly, it would be sound business, and in the interests of national economy, to canvass the possibility of extending the organizations at present giving hospital service, and make those increased facilities available to the military organizations, whether the air force or the army.

I am sorry to see the attitude of those charged with the responsibility of giving medical attention to the men in their charge. For example, depositions were given that it was difficult for the medical branch of the Department of National Defence for Air to treat men hospitalized from the army, because it was hard to become intimate, one branch with the other. The impression was left with us that it was necessary to have medical men from the Department of Pensions and National Health to look after the patients from that department, those from the Department of National Defence for Air to look after the patients from that branch of the service who were hospitalized, and in like manner those from the Department of National Defence to look after the men in khaki. I can visualize that in small centres there may be one, two, three or four set-ups of the kind. An organization of medical men looking after a hospital is a big organization. The ordinary 200-bed hospital requires a staff of fifty to take care of the different branches. It should not be said that it is difficult for a man in blue to look after a sick soldier in khaki, and we should strive to get more cooperation in that regard. Particularly it should be our aim to

encourage the civilian institutions to extend their services permanently, where it appears sensible to do so, and make themselves available by contract or otherwise, for the care of patients from the armed forces.

That is one point I should like to leave with the committee, in view of the fact that we are not to discuss the results of the war expenditures committee. I move from that point to another duplication which seems to be springing up in our midst, and which is not in the interests of national economy. I have in mind the question of salvage. At present there is a most competent salvage officer looking after the salvage operations of the Department of National Defence, and in like manner there is a salvage officer in the Department of National Defence for Air. The navy, following the English system, which is perhaps more than a hundred years old, have their own way of doing things. Then, in addition, the Department of National War Services handles a salvage problem. In my view there is a duplication of effort which is not in the interests of the country. There should be coordination among the different departments in respect of salvage. In his letter of December 5 the Minister of National Defence for Air made a good move when he asked an interdepartmental committee to sit around a table and thresh out some of their differences. Such coordination of effort should take place in the interim between now and the next session. It should not be delayed until the next session opens.

In the Department of National War Services are found some first-class men who are trying to do a job. Mr. Knightley, borrowed from the Department of Transport, is a man who can stir up the public imagination and public opinion as to what might be done with salvage. We know that in that organization there must be someone who can tell them what can be done with the salvaged material. Mr. Mark Cohen has been conscripted to see to the conservation of these secondary materials. He is located in the central part of Canada and is doing a really good job.

The difficulty has been that there are not enough materials in the different centres to warrant establishing an industry to convert these secondary materials into manufactured goods which can find their way on to the market. Another difficulty which has been referred to several times is the fact that quite often freight rates represent more than the value of the materials. It was disappointing to me to hear the Minister of National War Services (Mr. Thorson) say that 200 organizations had gathered salvage material to a value of $253,700, or an average of $1,270 each. That is not enough. I can point to one organization in Montreal which is doing that much every day, and there is a similar organization in Toronto. However, these are both large centres of population where the problem is not as acute. I know of an organization in Quebec city which is doing at least $400 worth a day, and another one in Chatham which is doing $600 or $700 worth a day. There is still another one in Brantford doing $1,000 a day. Instead of each one of these organizations doing $1,270 a day, they should be doing ten times as much.

I do not want to be critical; I simply want to encourage these men to go further in this regard. In this connection I should like to offer a constructive suggestion for all who will read. As I said, in Chatham, Brantford, Toronto, Hamilton, Montreal and Quebec city there are industries which help to conserve these secondary materials and turn them into merchandise which is readily marketable. Large quantities of these finished products are being imported. At the present time there is a shipment in Montreal valued at $31,000 which was damaged by enemy action on its way from England. Other shipments come in from Australia. We do not object to importing from the sterling countries, but over and above these importations are the importations from the United States, and these take up United States exchange.

The constructive suggestion I have to make is that the activities of all the salvage organizations which work under the different departments of government should be coordinated. An inventory should be taken of everything available, and the industries already established should be given every encouragement. The Minister of Finance (Mr. Ilsley) will come into the picture now. He knows something about the salvage operations carried on under the treasury branch. These industries already established could be encouraged. If they were willing to extend or expand their facilities to take care of everything that came to their factory the government could then consider assisting them by allowing them to write off a substantial depreciation. We should not forget that the men operating these industries would have to make a substantial capital expenditure to expand their plants. This depreciation allowance could be 25 per cent or even 33⅓ per cent, but all returns over and above five per cent upon the capital investment might be returned to the government of Canada. This suggestion applies to the highly populated centres or areas in which an industry is operating at the present time. I might mention here that one is operating in British Columbia.

There are other places in Canada which present some difficulty because of freight

rates. I refer to the three western provinces. Such an industry might very well be established in Moose Jaw. It would require coal, power, naphtha otherwise known as gasoline, and so on. The process is really a dry-cleaning process where gasoline is used to extract all matter which is of no value and thus place the product in condition to be finished. Fifty thousand dollars would be required for land and buildings, about $100,000 for machinery and $50,000 as working capital, a total of $200,000. Assurance would have to be given that the necessary priority orders would be given for the steel required and to permit the importation of the necessary machinery.

A similar industry could be established in the maritime provinces where at present there are no facilities to take care of these products. This plant could be established at Moncton or Sackville or Amherst at a similar cost. If $200,000 could be found in each of these places to establish such a plant, another $200,000 would be needed for the extension of plants already in existence in British Columbia, Ontario and Quebec. This would mean a total investment of about $600,000. The return on the investment by saving these products which are being wasted to-day would gross about $1,000,000 per year. Perhaps I could break up these figures.

The cost of the materials necessary to produce that $1,000,000 worth would be $500,000. This means that by salvaging this waste material we would be putting into the treasury of Canada or into the national economy an amount of $500,000. The cost of production would be about 20 per cent, or $200,000. The management would cost about five per cent, or $50,000. Interest on the investment at five per cent would be another $50,000. Depreciation charges on the fixed assets at the rate agreed upon—I suggested 33⅓ per cent—taking the first asset of $500,000, would work out at about $150,000. This gives us a grand total of $950,000 on the cost side of the balance sheet versus $1,000,000 or even more on the sales side. The other five per cent or $50,000 could be taken by investors or returned to the administration. The common shareholders, those who had put up the original $500,000 or $600,000, could gamble as to whether or not they were making a few dollars for themselves.

I throw out this suggestion in order to bring it to the attention of citizens in the maritimes and the west hoping that they may see the possibilities of establishing an industry of this kind in their particular centres. What obtains in the civil life of this country with regard to salvage obtains in a greater degree in army camps. We all know that war is wasteful, and that there are no facilities of any real consequence to guard against waste in the particular areas that I mention.

I am sorry, Mr. Chairman, that we have to bring the Minister of National Defence for Air back to the chamber to-day because in common with many of us he is suffering from a bad cold. But when I make these remarks I do so in the interests of our national economy and in anticipation of the discussion which will come on the report of the war expenditures committee.

When we make inquiries into the departments, please let it be understood that we are not criticizing these men who are in uniform. We are not trying to stir up something of a political nature. I do not like to be called a politician working for politics alone while there is a war on. I have a hide like a rhinoceros and I can take it, but it is all so unnecessary, and I am sure that not one of the twenty-four members of the committee will rise and say that during all the time I have been on the war expenditures committee I have ever mentioned politics. I know that politics is the science of government and all that eyewash and humbug. But there is a war on now; let us do all we possibly can to win it. I say that these gentlemen who are sometimes called, although I do not like to hear it, members of the Penguin club or of the fraternity of brass hats, should not be almost belligerent, as one member put it, when we ask them questions pertaining to their departments or inquire into what they are doing. If I go with a group of members of parliament to Petawawa camp to look into the situation there and see what we can do to help out, I do not want a brigadier to say to us, "What are you doing here?" And when I say, "We want to see this camp," I do not want to have him say, "You cannot do so now. The place is not so tidy." I think members of parliament should have some freedom to move about and see conditions, with a view to helping out the situation. I say to the Minister of National War Services that when I made a humble request to get some sort of pass to permit me to pass the guard at the gate so that I could go into these camps to see if I could be of service to them—not to snoop around and find out what was not right—I got this letter from the hon. member for Swift Current (Mr. Graham) chairman of subcommittee No. 2—and as it is not marked "personal" I might as well read it. The request had been made that we members of parliament who were members of the committee might be permitted to go and visit

the camps and look things over with a view to carrying on our war work as best we could. This was the reply I received under date of August 9, 1941:

I discussed with Mr. Thorson last evening your request to secure a pass that would enable you to enter certain buildings, camps, et cetera. He was of the opinion that no general pass can be secured.

I am sure that the Minister of National Defence for Air would give me a pass to go anywhere to look into anything.

Mr. POWER: Absolutely.

Mr. HARRIS (Danforth): But we do not know what needs remedying until we are permitted to see what exists. We are not trying to dig up anything of a scandalous nature. If I happen to be in his fair city of Quebec—and I am there very often—and have a few hours on my hands, surely I do not have to wire to Ottawa to get a military pass to go and see a camp at Quebec, and the same with every member of the House of Commons who is interested in any particular subject. Surely we are the brigadiers in this brigade. Well, if we are, let us function as such.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): I wish to congratulate my good friend the hon. member for Danforth (Mr. Harris) upon his constructive speech. He and my hon. friend the member for Broadview (Mr. Church) have made eloquent speeches at this session. I particularly appreciate what the hon. member who has just spoken has said, also one of the suggestions made by the hon. member for Broadview regarding the information bureau.

There is another thing which should be said from the point of view of national defence, and it concerns the mobility of our defence. The air training plan from that point of view will prove very valuable to this country by permitting airmen to go quickly from one part of the country to the other. Of course our railways are operating at full capacity, but all communications between the various parts of Canada should be improved, and I may mention particularly communications between the St. Lawrence river and the United States.

Frequently I have urged the repair or reconstruction of that section of route 2 between Rivière du Loup and Edmundston, New Brunswick, and from Madawaska to Maine, on account of the necessity of improving our communication facilities between the St. Lawrence river and the United States. We have now three main highways: the Montreal highway, what is called the Sir Wilfrid Laurier highway; the Levis-Jackman route, and the Madawaska-Rivière du Loup-Edmundston route. So important is road communication that the province of Ontario has received in past years $14,500,000 from the dominion government for the trans-Canada route, while up until last spring the province of Quebec had received only $400,000. It is only fair that the province of Quebec should have its share of the amount granted by the dominion government to the provinces for the construction of that route. Of course it may be said that expenditures have to be curtailed during the war. But this is strictly a war proposition. It is essential that we have as many avenues of communication as possible. We shall need material from the United States not only for ourselves but also for Great Britain and our allies, Russia, for instance, and we shall need many first-class highways for that purpose as well as the railways.

I regret the establishment of two military camps, one at Montmagny, thirty miles from Quebec, and one at Rimouski, a considerable distance from Quebec. It would have been much easier to establish a military camp at Rivière du Loup, where there were a number of most suitable locations. It would have served a better purpose at much less expense, and it would have been much more convenient for the boys, too.

With regard to what the hon. member for Danforth has said, I must remind the members of the government that it is not only the large cities in this country that should have something to do in connection with war industries. In the rural districts you will find men who are skilful workers, but they are not considered as tradesmen just because they do not belong to some labour union. But hon. members who live in the country know that in the rural districts there are many men who can do wonderful work with metals and woods, and they only need the opportunity to be of service. The situation is difficult for rural people to-day. Many of them have had experience which they could turn to good account in our war effort but they have not the opportunity now to do what they would like to do for their country. Some are over military age but still in good health, and they are experienced workers. I think it would be an excellent thing for this country if our industrial war effort were decentralized. That would give these men who have leisure an opportunity to take part in our war effort.

At the same time it would give an opportunity to men who work all the time in cities to enjoy a little rest from their ordinary work. Of course there should be consideration and discussion between the Department of Trade and Commerce and the various war departments before coming to that conclusion. There are very important data in the Department of

Trade and Commerce. Information should be obtained from there; it would prove extremely helpful to the war effort, by enabling skilled mechanics—carpenters and others—to do their share in this war effort at an age when they could not be accepted in the army. It would also give similar opportunities to young men who are not able to get into the army.

There is another thing. It is pretty difficult to establish a strict division between those who are healthy and those who are not. I understand that it is a main requirement of those who would enlist in the army that they must be healthy. That is only reasonable, because their task is hard, and they have to live under difficult conditions. But in industry also, including farming and the railways, we need many who are physically fit. I mentioned that the other day, and I will not enlarge upon it; I just repeat it in order that hon. members may have another opportunity to think about it. What do you think of having men who have passed the military age, or who are unfit physically to be firemen on the railways, to work in the metal industry, or even in the lumber industry? That could not be always satisfactory.

Before concluding, may I, in mentioning another subject, quote two speeches which were made on Friday last at the opening of the war relics exhibition. They express two different points of view. One was voiced by a layman; it reads thus:

> I can think of nothing more inspiring than to see these relics, in order that we may reach in ever-growing measure the conclusion that this is our war, that waiting for it to get to Montreal is the surest way to guarantee that it will come to Montreal, and that meeting it as Canadians want to meet it with everything we've got is the surest way of making certain that the kind of damage which is exemplified will not be done here.

That is one point of view, and it was expressed by a layman, Mr. Dunning. On the other hand, there was another speech made on the same occasion, by the officer commanding the military district of Montreal, which was diametrically opposed to that. He said:

> Menace Closer
>
> Speaking to the French audience, Brig.-Gen. E. deB. Panet, officer commanding military district No. 4, drew attention to the reports of submarines along the east coast of Canada.
>
> "The nazi menace is geting closer and closer to our shores", he warned.

This is a serious matter, and it is brought forward by one who has technical experience in the army. Of course, all army matters, like everything else, may be considered from the point of view of logic and common sense. The man in the street may pass his own judgment about what he finds, in any matter, not in conformity with logic and common sense. That is why judges at times have occasion to decide upon such purely technical matters as electricity, although the judges themselves are far from being electricians.

That being so, I hope that the minister will take careful note of what has been said by the hon. member for Danforth (Mr. Harris) and myself regarding the establishment of industry, and that he will take note also of the suggestions regarding the necessity of improving the mobility of our defence, and that in due course they will prove helpful to this country. We cannot wait to organize the defence of this country. There are many things lacking in many respects. I will not enumerate them, because this is not the place to do so, and I did so privately the other day. I do not want to create trouble or anything of the sort, but I want this country to be well defended, and I can point my finger to many things which are deficient. This country must not be exposed in any respect. We—all the people of Canada—must be well-protected. That is the first duty of the Department of National Defence. This is the Department of National Defence of Canada, it is not a department of international defence of the world; it is a Canadian department for the defence of Canada, and whatever we can do after that for Great Britain and other allies, we will do it with great pleasure.

I would ask the minister to be kind enough to answer the question I put to him yesterday, namely, whether the extension of the training from four months indefinitely has been done by order in council or by the minister himself under his signature.

Hon. C. G. POWER (Minister of National Defence for Air): If my hon. friend (Mr. Pouliot) will permit me, I will first refer to the observations of the hon. member for Danforth (Mr. Harris). I appreciate his good-will and good intentions in saying what he did. I would be the last to assert that any of the defence departments were above criticism; and I entirely agree with him that, when hon. members criticize expenditure, waste, and duplication, they are not only within their rights but are only performing the duties for which they were sent here.

With respect to the salvage question I am fully aware that no one in this chamber is more familiar with the matter than my hon. friend. I have always felt personally that there was a great deal of waste in all military camps or camps of a military nature. That is almost inevitable; and anything which can be done to stop that waste will be to the best general interest of Canada.

Now, with regard to visiting the camps, let me put the other side of the case to my hon.

friend and to this committee. Personally I feel that any hon. member should be entitled to visit the camps whenever he pleases. But we ran into this kind of difficulty. Hon. members would go to see our air training camps, or perhaps our operational aerodromes on the coast, and bring with them a party of ten or fifteen women and children. That involves an officer or more, a staff, really, at the station having to be detailed to look after them and see that they do not run into propellers, and so on. If we were always certain that the member would go by himself or with a small party, or accompanied only by persons of whom he could take full charge and responsibility, there would be much less difficulty. But we have had that kind of trouble, and the officers of the air stations particularly, where we have been up to the present and still are in a bit of a hurry to get our men out, and do not like to have the training interrupted, sometimes felt that it was perhaps a bit too much when we must detail someone to look after tourists. But as a broad general principle I entirely agree with my hon. friend that the members of this house are the representatives of the people, they have their responsibility, they should know what is going on and they should certainly have fullest permission to visit any station, any training camp, and, as far as the limits of safety permit, any of the munitions plants we have.

The hon. member for Témiscouata yesterday asked me some questions. He asked me with regard to the religious service for the Roman Catholics at Pennfield Ridge. I inquired and have a report from Rev. Monsignor Charest, the senior Roman Catholic chaplain in the air force, which I forwarded to my hon. friend personally. The sum and substance of it is that there is a shortage of Roman Catholic chaplains in that particular district, but we hope to overcome that shortage within a short time.

A further question asked by the hon. member for Témiscouata was on what authority training was extended, first from one month to four months and then from four months to an indefinite period. The hon. member said:

> If he (the minister) is good enough to-morrow to tell me whether it was done by order in council, or done under the minister's signature, by virtue of the regulations, that will be sufficient.

The enabling statutory authority for the calling out of men is contained in section 2, chapter 13, statutes of Canada, 4 George VI, assented to on June 21st, 1940:

> An act to confer certain powers upon the governor in council for the mobilization of natural resources in the present war.

[Mr. Power.]

Section 2 reads as follows:

> Subject to the provisions of section three hereof, the governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada, as may be deemed necessary or expedient for securing the public safety, the defence of Canada, the maintenance of public order, or the efficient prosecution of the war, or for maintaining supplies or services essential to the life of the community.

Section 3 of the act states:

> The powers conferred by the next preceding section may not be exercised for the purpose of requiring persons to serve in the military, naval or air forces outside of Canada and the territorial waters thereof.

Under the authority of the act and under these regulations, order in council 4904 was passed on September 17, 1940, and published in the *Canada Gazette* on September 21, 1940. The period of thirty days' training is referred to in clause 5 (f), which states:

> Upon his being so posted to a corps of the non-permanent active militia, a man shall forthwith undergo training for a period of thirty days, or for such other period as the Minister of Defence may from time to time prescribe, unless he is required for service or duty. Thereafter, so long as he remains a member of the non-permanent active militia, he shall be liable to perform such training, service or duty, but only within Canada and the territorial waters thereof, as the minister of defence may from time to time require.

It will be noted in the above and following clauses that the minister of defence is empowered not only to prescribe or amend the period of training, but also to prescribe the liability of each man so called out to perform such training service or duty as the minister may require, within Canada and the territorial waters thereof.

By order in council P.C. 1910, dated March 18, 1941, clause 8 (f), the thirty-day period was amended as follows:

> Upon so becoming a member of the active militia each "R recruit" shall forthwith undergo training for a period of four months, or for such other period as the minister of defence may from time to time prescribe, unless in the meantime he is required for service or duty.

In pursuance of the authority granted to the governor in council by the statute and of the delegation of such authority in the two orders in council referred to above, the Minister of National Defence issued the following order, which was signed at Ottawa on July 2, 1941, and published as an appendix to Canadian Army Order No. 132 of July 10, 1941:

> Requirement for service, duty or additional training in respect of men called out in pursuance of the National Resources Mobilization Act, 1940.

In pursuance of the powers vested in me by Section 8 (f) of Reserve Army (Special) Regulations, 1941, as made and established by

order in council dated March 18, 1941, P.C. 1910, and amendments thereto, I, the undersigned Minister of National Defence, do hereby require all men now undergoing training in pursuance of the said section 8 (f), and all men who hereafter may be called out for training pursuant to the National Resources Mobilization Act, 1940, and who, under and by virtue of section 8 (d) of the said Reserve Army (Special) Regulations, 1941, have become or will become members of the active militia, to perform service, duty or additional training on the completion of such training for which they were called out, or on the termination of any postponement of such service, duty or additional training, but only within Canada and the territorial waters thereof, and for the period of the duration of the war existing on the 21st day of June, 1940, except when from time to time during such period I may not require them to perform such service, duty or additional training.

Dated at Ottawa, Ontario, this second day of July, A.D. 1941.

(Sgd.) J. L. Ralston,
Minister of National Defence.

Also published in Canadian army order No. 132 is the following order of the Minister of National Defence, concerning the further training, service or duty of thirty-day recruits:

Requirement for training, service or duty in respect of men called out in pursuance of the National Resources Mobilization Act, 1940.

Thirty-day Recruits

In pursuance of the power vested in me by Section 5, subsection (f) of Militia (Special) Regulations 1940, as made and established by order in council dated September 17, 1940, and amendments thereto, I, the undersigned Minister of National Defence, do hereby require those men who were called out under The National Resources Mobilization Act, 1940, being Chapter 13 of the Statutes of Canada 1940, and now enrolled in the active militia, and who have undergone training under and by virtue of Militia (Special) Regulations 1940, to perform further training, service or duty in such numbers and at such times as I may from time to time require for the period of the duration of the state of war existing on the 21st day of June, 1940, but only within Canada and the territorial waters thereof, except when from time to time I may not require them to perform such training, service or duty.

Dated at Ottawa, Ontario, this 30th day of June, A.D. 1941.

(Sgd.) J. L. Ralston,
Minister of National Defence.

The Canadian army order No. 132 and appendix were approved by the war committee of the cabinet at its meeting held on April 23, 1941.

Mr. POULIOT: Was it published in the *Canada Gazette*?

Mr. POWER: My hon. friend asked me if I recollected by what machinery the period of training became four months. That machinery was an order in council published in the *Canada Gazette*. Subsequently, under the powers conferred upon the minister in pursuance of the authority granted to the governor in council by the statute, and the delegation of such authority by the two orders in council, the minister issued an order which was published as a Canadian army order. I could not say offhand whether that appeared in the *Canada Gazette* or not.

Mr. POULIOT: I do not think so. The Minister of National Defence told me that the orders are not available to hon. members, although they could get them at any bookstore. I find it very strange, because there is an order in council to the effect that each member is entitled to a French and English copy of all publications. But I am delighted that the text of the order has at last been made public. But what I cannot understand is that the principle *delegatus non potest delegare* has been overlooked. The government has been delegated some powers by parliament, and therefore under the militia act and the Borden act, every regulation of the kind is made by order in council. Of course the minister is in charge of the department. I find it hard to think that the minister could change by his own signature and under his own authority what has previously been decided by order in council, and though the order in council gives him a free hand—

Mr. POWER: For service or duty. He has always had authority under all acts to call the militia out for service or duty.

Mr. POULIOT: But it has been done in a strange way, the minister will probably admit. If the principle that the delegate cannot delegate is overlooked to that extent, then the minister will be able to transfer his authority to someone else, and what will be the end of it? The only way to save the situation would be to make public, by inserting them in the *Canada Gazette*, all orders of the kind made by the Minister of National Defence.

Mr. HAZEN: Will the minister tell us how many of the 110,209 men who were serving overseas in various theatres of war as of October 25 last were in the army, how many were in the navy, and how many were in the air force? Would he tell us also, if he can, how many of those men were serving in the British isles in the various branches of the service?

Mr. POWER: The 110,209 men were all in the army. I will not tell my hon. friend how many I have in the air force overseas; I am not allowed to do so. I will not tell my hon. friend how many of the overseas men are in

the British isles, in Newfoundland or elsewhere; I am not allowed to tell him that either.

Mr. HAZEN: This is all the army, then?

Mr. POWER: The 110,209 men are all the army. The navy and air force are separate and apart from that.

Mr. HAZEN: I should like to ask the minister a question having to do with leave for trainees. As I understand the matter, when a man is called up for training the divisional board has power to grant him at least one postponement, for a period not exceeding six months. After he is called up and starts his training, however, the divisional board has no further jurisdiction; the man then comes under the military authority.

The circumstances of a man may vary greatly from the time he is called up until he completes his training. I have in mind an instance of this kind. A man may have been on a farm with his father; they were working the farm between them. During the course of his training his father dies. There is no help employed on the farm; the soldier is the only one who can take charge, but he is now under the authority not of the divisional board but of the army. In these circumstances how does he go about applying for leave? Does he apply to his commanding officer; and, if so, does the commanding officer have to forward that application to a higher authority? A further question arises: does his commanding officer or any higher authority have to regard the matter in the same rather judicial light as that in which the divisional board would examine it? Would they take into account all the facts underlying the application and give them full consideration, or would they perhaps be activated or influenced more by their desire to have another man added to their strength? Is that matter being considered?

Mr. POWER: I do not know whether this is simply a hypothetical case, but if it is a case of which the hon. member has knowledge I should like to ask the officers of the department to have a look at it. Broadly speaking I would say that as soon as the man is ordered by the registrar to report he comes under the jurisdiction of the army. Then so far as I know there is nothing to prevent his commanding officer from granting him compassionate leave. As to what attitude the commanding officer will take with regard to the man under his control, again that depends on the commanding officer. I see sitting opposite me the hon. member for Royal. I should say he might allow his compassionate feelings to sway his judgment; and in all probability if he were the commanding officer in a case like this the application would be granted. I know other men who would not do that, but I think the same argument might be applied to the divisional registrar. I do not think a man would become more hard boiled just because he happened to put on a uniform. Each case would have to be judged on its merits. I am sorry I cannot give any better answer than that.

Mr. BROOKS: Just before the minister rose I made a note on my pad that the man would be granted leave on compassionate grounds. That is the usual thing.

Mr. DIEFENBAKER: Last evening I directed a question to the minister in regard to the imposition of the national defence tax on pensions. I should like to ascertain now from the minister what is the attitude of the department.

Mr. POWER: I did intend to answer my hon. friend last evening, but so many hon. members were interested in discussing other matters that I never got round to it.

I will say that the statement made by my hon. friend is correct. At one time, for some reason or other—I do not think a ruling was ever given by the income tax branch to the effect that the defence tax would not be collectable from pensions—certainly the intimation went out pretty well all through the Department of Pensions and National Health to people interested that pensions would be exempt from the defence tax. As a matter of fact the national defence tax is deducted when the pension of a single person is $660 a year or more, or in the case of a married person when it is $1,200 or more. The pensioner is required to declare his pension as part of his income, and it is taxed the same way as any other income.

I happen to know something about how this question bears on income tax. It has rather a peculiar history. When the income tax act was introduced in 1917, military pensions and workmen's compensation payments, which really resemble military pensions to some extent, were exempt from tax. That situation continued down through the years. In 1933, however, as the result of some agitation in the country to the effect that the pension bill was a heavy burden on the people of Canada, in discussions between the government of that day and the returned soldiers' organizations it was pretty well agreed that pensions should be made subject to income tax. That did not affect very many people, practically only those who had other income which brought them into the taxable brackets, which in those days were pretty high. I remember making strenuous

efforts with various ministers of finance to have what I thought was something iniquitous and perhaps incongruous removed from the statute book. As a matter of fact the amount of money collected was insignificant. According to the figures I obtained from the income tax branch, during 1935, 1936 and 1937, when I was Minister of Pensions and National Health, it amounted to only some $30,000 or $40,000 a year, which was hardly worth while when compared to the immense amount of money then collected in income tax. Strangely enough, persons in Canada drawing British pensions, such as Canadians who had served in the Royal Air Force in the last war, did not have their pensions subject to the Canadian income tax. It was a peculiar situation; if I am not mistaken they were not subject even to the British income tax. It was an anomalous position, but perhaps because of negligence the matter was never remedied and we entered this war with that income tax provision still on the statute book, which I presume would apply also to the defence tax.

I agree with my hon. friend that if at all possible this situation should be remedied. I promise to use whatever influence I can exert on my colleagues, the Minister of National Revenue and the Minister of Finance, to see if that cannot be done. It really is not a very sensible tax, to pay out with one hand and take away with the other, particularly since the basis of pension is compensation for the loss of earning power through disability. When a person gets forty per cent pension, it is because he has lost forty per cent of his earning capacity. He is in exactly the same position as one receiving workmen's compensation, and should be treated in the same way.

Perhaps I can answer some of the questions put to me last night, which I was not then in a position to answer. The hon. member for Cape Breton South (Mr. Gillis) spoke of the treatment received by soldiers in camp who happened to become sick. He said that when a soldier reports sick he is sent to his battalion medical officer, that he gets medicine on duty —probably the hon. member meant medicine with duty—that there was practically no examination, and that in some cases there was a fine of twenty-five cents for reporting sick. The answer is that there is no regulation which authorizes any fine for reporting sick. If particulars of the case met with can be given, action will be taken at once to investigate the irregularity.

The hon. member for Leeds (Mr. Fulford) made the suggestion that the age limit of veterans be increased from forty-five to fifty years. I have a reply here, signed by the adjutant general, that on October 23, 1941, approval was given to increase the age limit to fifty years, and to lower to C the medical category required for enlistment in the reserve army.

Then, the hon. member for Yale (Mr. Stirling), who is now leading the opposition, asked certain questions. He wanted to know what composes the fourth and sixth divisions, and in how many personnel they are deficient. It is suggested that the following answer be given:

The nominal establishment strength of the fourth division, together with the three brigade groups of the sixth division, is 29,122 all ranks. As of the 18th October, 1941, the total deficiencies in personnel of these two formations together amounted to 5,250 all ranks.

Then, I take it this is a slap on the wrist for me:

In view of standing orders concerning security, which apply to United Kingdom forces as well as to our own, it is not considered in the public interest to reveal (a) the order of battle of any formation; (b) the number and character of units in any operational formation and (c) the establishment strength in officers and other ranks of any operational formation.

The hon. member for Qu'Appelle (Mr. Perley) referred to deductions from small monthly payments by the soldier settlement board. The answer is, referring to the question asked by the hon. member, that deductions for small monthly payments to the soldier settlement board are provided for under privy council order No. 138, 1936, which provides that compulsory deductions are only allowable when the dependents are occupying the farm or house.

This matter was investigated recently, and it was found that there were only thirty-eight such deductions. The average amount of $15 was considered reasonable when looked upon as rent. This is the only compulsory deduction which is allowed against dependents' allowances.

Mr. PERLEY: They must be all in Saskatchewan.

Mr. POWER: I believe that completes the list of questions. There may have been others, but I believe they have been answered.

Mr. DIEFENBAKER: There is one anomaly to which I suggest consideration should be given. I have in mind the provision I have already brought to the attention of the Minister of Pensions and National Health. The provision now in effect is this: A soldier discharged prior to July 1, 1941, may make

application for pension, and his application may be turned down. He may then launch an appeal, but he will receive no gratuities or assistance during the time he is awaiting the outcome of the appeal. Similar cases have now come to my attention respecting men who returned from overseas service, arrived in Canada prior to July 1, 1941, and have been discharged and denied a pension. The instance I have in mind at the moment is that of a man resident in my own constituency who returned from overseas prior to the date mentioned, and who to-day is living in a state of destitution because he can get no assistance whatsoever. He cannot obtain relief because of the attitude of the municipal authorities, who take the view that he is a charge on the federal government.

Hon. IAN A. MACKENZIE (Minister of Pensions and National Health): Is he pensionable?

Mr. DIEFENBAKER: His application for pension was turned down. The circumstances in connection with his case were these. He went on leave at Christmas, 1941, while in England. The pension authorities take the position that he was injured at that time. His claim is that he was injured on service on November 11, 1939, in England. He has returned to Canada, and to-day he is living in a state of destitution.

I know about the sympathetic attitude of the Minister of Pensions and National Health, but here is an arbitrary position that is doing harm to recruiting throughout my constituency. It is only one instance, but I suggest that consideration should be given by the government to the removal of that anomalous provision. Why should the date have been set as at July 1, 1941? Why should it not have been set earlier, so as to cover every possible contingency? This man cannot get work because he is unable to work, and he cannot get relief because of the attitude of the municipal authorities that he is a charge on the government of Canada. There he stays, with his wife and family, living in the town under circumstances which will constitute a detriment to recruiting, and which are most unfair to a man who tried to give his best services, but who has been returned to Canada as a result of circumstances over which he had no control.

Mr. MACKENZIE (Vancouver Centre): I presume my hon. friend is referring to the case he brought to my attention yesterday. It is being thoroughly investigated.

The date of July 1, 1941, was inserted in the order in council of October 1 to make its operation parallel with that of the Unemployment Insurance Act. That, of course, deals with a separate phase of reestablishment, in various instances.

Those awaiting decision with respect to pensions are, so long as they are in hospital, entitled to pay and allowances for their families until pensionability has been determined. This applies to the first hearing. I do not believe provision has yet been made as to pensionability while they are awaiting the second hearing. We are now considering making a provision for pay and allowances to families over a period of four months, and I believe that would meet the case mentioned by the hon. member. This, however, has not yet been approved by council.

Mr. DUPUIS: The instance referred to by the hon. member for Lake Centre (Mr. Diefenbaker) brings to my mind a number of cases I have been in a position to study. I have in mind particularly one which came to my attention recently. It had to do with a soldier who enlisted in the early days of the war, went to England and came back disabled. It was impossible for him to work, because his health was completely ruined. The report shows that his request for pension was refused on the ground that his disability was caused by a defect which existed prior to enlistment. I wonder if the government and the department would study this point and consider adopting the principle that when a recruit is accepted it is presumed he is in good health. There are many cases in which the pension board refuses a pension on the ground that the disability had its origin before enlistment. I have pleaded many cases before the boards and at all times the onus of proof is upon the soldier; he must prove that he was in good health when he enlisted. The particular case I have in mind covers a soldier who told me that he was placed in category A-1. A man placed in that category should be considered to be in good health, and it would be good policy for this government, or for this country—it is not a question of party; it is something that concerns the country as a whole—to decide that as soon as a man is accepted it is presumed that he is in good health.

Mr. ROWE: I want to add a word or two to what the hon. member has said. I am in full agreement with his suggestion that when a soldier enlists he should be assumed to be in good health. I have long felt that the responsibility should not be upon the returned man to prove his case when applying for pension. Nothing will do more to deter enlistments than a continuation of the treatment which has been given in many cases.

It is a long time since the last great war, and quite often it is difficult for a soldier to produce sufficient evidence to support his claim. He may have lost some papers, or he may have been in poor health for years before deciding to put in a claim. Often a man was too proud to put in a claim for compensation and he goes on for years until his health is ruined and he finds himself unable to provide a living for his wife and family. In many cases men have passed on perhaps fifteen and twenty years sooner than they otherwise would.

The government should consider making a change in the treatment of returned soldiers, not only those who came back from the last war but those who will return from this war. I hope the government will carry out its announced intention of granting a cost of living bonus to the pensioners of his majesty's forces. If we are to have equality of service all down the line it is high time we realized that if the man getting $5, $6 or $7 a day is entitled to a cost of living bonus, the dependents of the man receiving only $1.30 a day should receive a similar bonus. This is only fair if we are to have equality of service and the unity of which we hear so much. If we are to have the all-out war effort we are aspiring to, we must pull in the loose ends and realize that, even though there may be strong groups or associations which do not like this idea, even though it may be politically unpopular here or there, even though there are those who say that the returned soldiers' dependents and other pensioners are getting enough now, we must look at the picture as it is. If we are to have equality of service and an all-out war effort we must give fairness in treatment and an all-out square deal to those who are winning this war.

Mr. LOCKHART: I want to associate myself with the remarks which have just been made. I should like to have some information as to the connection there may be between men who are in the category outlined this afternoon and unemployment insurance. There seems to be an impression about that these men are to be taken care of—that is, those who are not able to establish their right to a pension.

Mr. MACKENZIE (Vancouver Centre): I have not the full tabulation under my hand, but it will be recalled that after this session convened a copy of the order in council itself, along with an explanatory memorandum, was sent to every hon. member. The basic and fundamental reason for this order in council was to establish the principle that anyone who enlisted for overseas service would not lose as compared with the civilian who was engaged in an insured occupation. The time spent by a man in the forces will count, and there will be a contribution by the treasury. As my hon. friend will recall, benefits were also provided for occupational training, for industrial training, for university or professional training, and also for those who could not get into insured occupations. These might be termed out of work benefits. The men would be given credit for their service and would draw benefits while awaiting employment. There is a further provision in the order in council covering those who might come back from overseas and who in the opinion of those who were supervising the provisions of the order in council could be reconditioned—someone objected yesterday to the use of that word, but that is the only one that I can think of—made over again for industrial life. These men would be given benefits while they were being reconditioned. Briefly speaking, these are the important provisions of the order in council.

Mr. LOCKHART: I suggest to the minister that these provisions be put into effect as quickly as possible.

Mr. MACKENZIE (Vancouver Centre): They are in effect now. That is why we passed them by order in council.

Mr. ROWE: Has the government considered giving special preference in the civil service to men who enlist voluntarily for overseas service as compared with those who might be conscripted for home service where there is not likely to be any fighting?

Mr. MACKENZIE (Vancouver Centre): There is a preference clause in all government contracts covering ex-service men of the old war or of the present war. During the second or third day of the present session I tabled an order in council which extended the provisions of the Civil Service Act having to do with ex-service men of the great war to ex-service men of this war, with the limitation that they must have resided in Canada before enlisting in the present war.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Chairman, I hear many rumblings about me; members are asking how long this is going to continue, how long they are going to be kept here. I have been sitting here since November 3, wondering just what benefits the country and the government itself have derived from what has taken place in this house. What have we learned, I would ask, that we did not know before from the press releases furnished by the information bureau? We get them

every other day or so, and incidentally I think there is a considerable waste of money there.

Frankly I think this parliament should have prorogued and we should have entered upon a new session. It would have saved all this discussion which is going on across the floor of this house and which will all be gone over again next January. As it is now, private members have no rights, no resolutions to discuss, and there are no bills before the house. True, we have the privilege of questioning members of the government, and we have had five pretty fair statements from five members of the cabinet. Some of them were quite lengthy. They gave some information, but a lot of it was in our possession already through the press releases from the information bureau.

I deem it my duty to make one or two observations on our war effort, and I shall try to be constructive. We often hear the phrase repeated, "an all-out war effort" or "a 100 per cent war effort." I believe the Canadian people are not all convinced that we are having an all-out war effort, and to prove that the Canadian people are looking for a greater effort I should like to quote from resolutions I have here. One is from a large organization in the west. In a letter which I have just received they state that they passed a resolution asking that members of parliament insist forthwith the passing of the necessary measures to place Canada on a total or all-out war effort. They go on to state what they mean by that. They mean the complete mobilization of all industry and everything else, even the intellectual resources of Canada. The Canadian Legion is already on record for an all-out war effort. Before I came to Ottawa this session I was put on the spot by the branch of the Canadian Legion in my constituency, and I did not hesitate to agree with some of the things which they advocate should be done in order to have an all-out war effort in Canada.

Let me review our war effort as I see it as a lay member, so to speak. Since we entered the war in 1939, our war effort has developed in three phases. The first two years of the war were the development period. We were building factories, developing plant capacity. That required a lot of men, a lot of work, a lot of complicated machinery and tools. We now have these factories, some of which have received large financial assistance from the government, running in the aggregate into hundreds of millions of dollars. These plants are all interlocked, so to speak. Not one of them is producing a complete tank or aeroplane, for instance, but is engaged in manufacturing component parts. They are all interlocked, and as I said a moment ago, the government has contributed to their establishment hundreds of millions of dollars. There may have been mistakes made and waste in many instances. We had a committee of this house set up to inquire into government expenditures. I shall not comment upon its report, but it is only fair to say that under no government could all this development work have been done without mistakes and some waste. It is the duty of parliament and of the government now to tighten up on waste. That was the development phase.

The second phase is production. It is now necessary for the government to see that all these factories engaged on war work click, work in unison, work together as a unit. I have heard rumblings as to what is going on, that there is not the unison there might be. It is the duty of the government to see that these war plants click. The Minister of Munitions and Supply referred to that matter the other day. He said that the production of one gun or one tank might take one month, that in the second or third month six might be produced, in the fourth or fifth month, thirty-six, and I believe we have now reached the stage where we might produce 336 in a month if the government would see that these plants are clicking.

The third phase is the output of materials and a system of priorities. Tremendous production capacity has been provided. I think it is only fair to the government to say that. But now it is up to the government to see that the materials required are provided. I have in my hand a little pamphlet entitled, "Priorities and Controls in Canada" which I think it would be well for every hon. member to read. We are now at the stage where there is a strain on the capacity of the organizations which are producing materials such as steel, brass and copper. We are now in this third phase, producing the materials which are necessary. But we must have coordination so that one plant will not hold another one up.

Since the start of the war training schools have been set up. I think that is right, and a great deal of good work has been done by the schools. The men are now ready to come out of these training schools and go into factories wherever they may be required. I believe it is the duty of the government to enrol and train more men in these training schools. But the government also has a responsibility to see to the proper distribution of these men.

At this stage surely there should be no more strikes in Canada. We are at war; it is a very serious war, and strikes should not be permitted to interfere with our war effort.

Since the war broke out, we of the opposition in this house have been responsible to a considerable degree in bringing our war effort up to its present stage, by pepping up the government, jacking them up by constructive criticism. At the very outset of the war our leader said that as far as he and the group he represents were concerned we would support the war effort at all times and give constructive, helpful criticism, and I believe that considerable credit for what has been accomplished is due to the opposition and the constructive suggestions they have offered.

Mr. MARTIN: Why don't you keep your good leader? We all like him.

Mr. PERLEY: The hon. member can speak after I have finished. I have said very little during the last two weeks, and I am trying to suggest something that might be helpful to the government and its war effort.

From what we have heard from different ministers, there has been a shortage of recruits for the armed forces. Men are not available. By all military authorities whom I have heard or have seen quoted it is agreed, I believe, that we must have more men in the forces both to attack and to hold the ground after the attack. Those who have had the opportunity and privilege of going overseas and seeing what is going on there say that men are needed. All of them may not have said so publicly; there is a lot of secrecy in connection with this business: maybe the delegation which is now on its way back will have something more to tell us.

It is the government's responsibility to protect the projects which they have assisted, the factories and industrial organizations which they have helped to bring to the point of production, by providing them with the men needed to do the job in the factories. The other important job is to provide for the needs of the armed forces. I believe there are enough men in Canada to take care of both, but the situation now is rather like this, that if ten men who are roaming the streets have it put up to them that there are two great jobs to be done, what is going to happen if all of them say, "We will go into the army", or if they all say, "We will go into industrial plants to make good wages"? I say, therefore, that it is up to the government to protect both these two great activities by seeing that there is a proper distribution of men.

That brings me to the point that I think there must be some plan and some direction given by the government. Those men who are not now in the forces or even in the trainees' camps must have direction. Let me illustrate. There is Mr. Jones out in Saskatchewan; he is a farmer and he has a crop to take off; he has five or six new binders, and there are five or six men for the job. Suppose he had not the power of direction, to say to the six men, "Get on these six binders and complete the job". The men might say, "Oh, the heck with it"; perhaps three would say, "We are not going to get on the binders," and the others might decide that they would wait for the threshing season, or one or two might make up their minds to wait until the farmer was trucking it out, because that is where the money is. If he were without power of direction to put the six men to work at the right spot, the crop would be ruined, perhaps by snowstorms—we have had a lot of them this fall. But if he had the power to say, "You get on to that job", the job would be completed properly and in time. I say that that is what the government should do now. They have the power. To my mind the only way in which it can be done is by a system of selective national service.

We have arrived at the point that the government have the responsibility to protect the industries which they have assisted with millions of money and which are now tooled up and ready to go. They are the only ones who can give the direction we need in Canada to-day. I for one do not care how it is done, or whether it is done by this government or some other government. This is the suggestion that I have to make: use selective national service and get to work on the job.

Mr. MUTCH: It seems to me that in the last little while we have wandered a long way from the Department of National Defence. Is the minister now in a position to answer questions in his capacity of minister for air? If he is, I would recall the statement which he made the other day, when, speaking in this chamber, he mentioned the unconditional nature of enlistment in the Royal Canadian Air Force, and referred to the fact that all those who enlisted in the Royal Canadian Air Force enlisted for service wherever they were sent. Would he care to expand that statement a little bit about the liability of ground crews, and many others in the service, for service anywhere? I do not think that is generally understood.

Mr. POWER: In the air force there is not any such thing as enlisting for home defence or for the defence of Canada. Just by way of digression, at one time there was a suggestion that certain Free Frenchmen would like to enlist on the condition that they should not fight against their own country. I did

not think that was advisable. I said that if they enlisted in the Royal Canadian Air Force they would go wherever they were told and fight wherever they were asked to fight. I can quite understand their feelings in the matter, and I do not think those who did feel like enlisting were deterred by that reply.

Some time last summer it was decided that, instead of sending overseas only aircrew, that is those who man the aircraft on actual operations, we would also send over a number of men to carry on ground duties, to maintain the aircraft and do work as aero-engine mechanics and all the various duties that go with the care and maintenance of aeroplanes. We have been sending such men overseas and shall continue to do so. In view of the number of our squadrons overseas, I expect that before long there will be several thousand ground crew also over there, and any one in the Royal Canadian Air Force, in any one of the categories, is liable to be called upon to go overseas at any time.

Mr. D. G. ROSS (St. Paul's): I should like to make a few remarks at this time. The city of Toronto is in military district No. 2, and a number of regiments are there. One battery of artillery is being formed by our famous former manager of the hockey team, Connie Smythe, and he is doing a magnificent job, but he is finding it very difficult to get men. Great efforts are being put forward to get recruits, and many people are helping, but the thing which disturbs me more than anything else is, what will happen when we cannot get them? Yesterday I listened with great interest to the Prime Minister (Mr. Mackenzie King) when he made his statement to the House of Commons, and I was very much disappointed at his closing remarks, when, speaking of conscription for overseas service, he said:

> So far as I am concerned, without any consultation of the people on that subject, I do not intend to take the responsibility of supporting any policy of conscription for service overseas.

The Prime Minister has told us that he has a mandate from the people to lead this country during war time. He has told us that we must fight an all-out war and that we must have an all-out effort. The Prime Minister must take the full responsibility for fighting this all-out war and exerting this all-out effort. He must take such steps from day to day, even from hour to hour, as may be necessary for the safety of the state. Now is the time for the Prime Minister to lead this country in the light of all the information which he has and the information which he has obtained from the Prime Minister of Great Britain and from Mr. Roosevelt. The members of this house should in some way be enlightened as to what information he has so that we can understand why he still takes the stand he does. Does the mother of parliaments not have closed sessions every three or four weeks where information is disclosed to the members? Is it not better and more helpful if such information is disclosed to the members of the house? We are in dire peril these days; I think the Prime Minister knows that. We ought to be told how dire the peril is. We know what Hitler proposed to do; we know how he has carried out his plan. Do we believe it?

The defence of Britain is the defence of Canada, and our Canadian soldiers are taking part in that defence. We cannot let them down. How can a population of forty to fifty million people provide the men for ultimate victory? That is the population which Great Britain has to draw on. The combined efforts of all the nations of the commonwealth as well as all the democracies of the world are going to be needed to do this job. We must do our part. It is not a party matter; it is not a political matter; it is a national life and death struggle. The Prime Minister must put into force fearlessly and regardless of criticism and of party those policies which will be best for the preservation of Canada, knowing full well that the Canadian people and this parliament will back him up.

He has been urged from time to time to form a national government, but has refused and has given his reasons. He has taken into his non-parliamentary ranks many prominent men of varying and non-political views, and a certain amount of satisfaction has been obtained from that. The public have been satisfied to a certain extent. But party lines are different now. Old differences such as tariffs, et cetera, mean little to-day. The major differences can be only between those who are for an all-out war effort and those who are not. The knowledge of the truth will come to all eventually, but if the Prime Minister waits for it to come to all before acting, it may be too late.

Are there any who still disbelieve Hitler's programme laid down in *Mein Kampf*? Many thought he was a mad fool in 1936, 1937, 1938, even up to 1939, but he put into practice the plan set down in his book. The conquest of Poland, Czechoslovakia, Denmark, Holland, Belgium, France, Norway, Yugoslavia, Greece, Roumania, almost all on time. It is true his time-table was held up by the valiant Poles and Greeks and some of the others to a certain extent. The Russians are doing the job now, and we cannot let them down.

I ask the question, who comes next? There is no doubt he will attempt an invasion of England. It will fail. Then the forces of right, including those of Canada, must be prepared to invade Hitler's domain, fight him to a finish and smash him once and for all. We must prepare now. Mr. Churchill yesterday told us that by 1943 we shall be able to invade the continent. We must be ready. What is the alternative, if we do not go on and smash this man Hitler? The axe will hang over our heads until it is done. Are we not in the same position as Great Britain? Are we to be outdone by that great, indomitable leader, Winston Churchill? He said:

> If the battle is to be won we must provide our men with ever-increasing quantities of weapons and ammunition. We must have quickly more aeroplanes, more tanks, guns, shells. There is imperious need for these vital munitions, and then in the emergency we shall not hesitate to take every step, even the most drastic, to call forth from our people the last ounce, the last inch of effort of which we are capable.
>
> The interest of property, the hours of labour, are nothing compared with the struggle for life and honour, for right and freedom, to which we have vowed ourselves.

Have we not vowed ourselves to the same principles? Are our interests any different? I say now that we as Canadians must not hesitate; that the Prime Minister can and should lead this country and that the people will follow him, regardless of how drastic the action required. There has been no hesitation on the part of the government in bringing in drastic legislation, in fact revolutionary legislation, by order in council. I have no doubt that the people would have accepted this legislation perhaps a little better than they have—they have accepted it very well, but it would have been better to bring it in as legislation on the floor of the house so that it could be discussed. There might be useful information brought out and possibly a few changes made.

There must be equality of sacrifice and service in this mobilization of our full human and material resources for whatever eventuality, each man in his right place. The welfare and safety of Canadians, of the British commonwealth of nations, yes, of the whole world, are at stake. This must override our traditional individual choice of action.

I have hesitated to speak before, feeling that the Prime Minister, by reason of his words spoken so often in his appeals to the people that he intended to have a total effort, that we must have a total effort, must fight a total war, would, when the time came, make good these words with action. I cannot say how disappointed I am that the Prime Minister is not willing to take the full responsibility for this total effort, as he told us yesterday.

Hon. PIERRE FRANÇOIS CASGRAIN (Secretary of State): Mr. Chairman, I had not intended to take part in this debate, but after listening to some of the speeches that have been delivered by hon. gentlemen opposite I feel it my duty to express my views to this parliament and the country.

A great many members of this House of Commons are advocating a total war effort and are seeking, both within and without this house, to promote the idea of conscription for service overseas. Let them not contradict me; that is what they want. We are in this parliament as representatives of the people of this country. During the campaign preceding the last general election the Canadian people were made acquainted with the aims and aspirations of every party. At that time the people of Canada from the Atlantic to the Pacific were told that no party, including the Liberal and Conservative parties, was in favour of conscription for service overseas. Therefore the mandate given the Liberal party to govern the affairs of the country during this war was given on the principle of voluntary service. Parliament has no mandate to change this policy now without consulting the people. Canadians have not changed their minds; they still approve the present programme of the government. There have been several by-elections throughout the country, at which Liberal candidates have been elected by large majorities, which proves that the policy of this government still has the support of the people. At the last by-election held in Alberta the hon. member for Edmonton East received a real mandate from the people of that constituency; and her campaign was conducted on the slogan, "No graft and no partisanship." That showed a real approval of the actions and policies of this government.

Hon. gentlemen opposite now seem to want compulsory enlistment for overseas service. I say the great majority of the Canadian people do not want it, and I know the vast majority of the population of the province from which I come are against it. The other day I listened with great attention to the hon. member for Danforth (Mr. Harris), who referred to the absence from this house of the right hon. leader of the Liberal party in the province of Quebec, the gallant hon. member for Quebec East (Mr. Lapointe), who at present is ill, and also to the absence of the Minister of Public Works (Mr. Cardin), who is away for the same reason. I am not

going to try to speak for those hon. gentlemen, but I am going to speak as one representing the province of Quebec. I can say that the entire population of that province is as one in supporting the policies of the right hon. Prime Minister (Mr. Mackenzie King). The feeling of the province of Quebec is that we should follow the provisions of the mobilization act that was adopted about a year ago; and my compatriots in Quebec are ready to serve anywhere from the Atlantic to the Pacific in the defence of our country, which is a sacred duty and obligation which all decent Canadians understand. Up to the present that mobilization act has done all that it was expected to do; according to the speeches of the ministers of defence, within the last six months 105,773 men enlisted in the army, the navy and air force, which I think is a very good record. In addition we have some 110,000 of our compatriots serving in England, ready to go into action whenever their services may be required. The right hon. Prime Minister was in England only recently; he saw our men over there and has reported, as has been stated in the press throughout Canada, that at the present time there is no body of men in England better equipped than the Canadian corps. At the time of Dunkirk in 1940 the only corps in England equipped and ready to face the enemy was the Canadian corps.

These are facts of which we should be proud. Under the policies of the present government, since the beginning of the war we have been able to bring about these results and it has been made known throughout the world that Canada is doing its full share and will continue to do so. Under the mobilization act the government has at its disposal adequate forces for the defence of the country, wherever they may be required and provision has been made whereby those who of their own free will wish to serve overseas, for the defence of the empire at large, are permitted to do so.

Before it could be agreed that the statements of hon. gentlemen opposite were true and ought to be considered seriously, it would have to be shown that the mobilization act and the laws of the land had not brought about the results which were expected. Far from that being the situation, I say, and I do not believe I can be contradicted, that at the present time we have in England an army consisting of four divisions and one tank brigade. With all the Canadians who have enlisted in the air force, the navy and the other services, I believe we have about twelve divisions compared with the four divisions we had in the last war. I think that is a brilliant record, of which we should all be proud.

[Mr. Casgrain.]

Mr. HANSON (York-Sunbury): Surely the hon. gentleman cannot say we have twelve divisions, if he knows what a division is.

Mr. CASGRAIN: There is another point I should like to bring to the attention of hon. members. Sometimes people wish to make it seem that the province from which I come has not done its full share. I do not say that these people point directly at us and single us out, but they claim that if recruiting is not as active as they would like it, that has been due to lack of interest in the affairs of the country and because our people have not done what they should. I wish to say most emphatically that the people of Quebec have responded to the call to the best of their ability; and if some changes had been made and improvements brought about, the response would have been even better. Only yesterday I read in one of the Ottawa newspapers a letter signed by a former member of this house, Mrs. George Black, who said:

> With extreme regret, as well as great annoyance, I have noted a growing habit of accusing Quebec of lack of loyalty to Canada and the empire, because of an aversion to compulsory military service.
>
> Probably no member of parliament, with his wife, does of necessity cover more of Canada from the far north to the east than do George Black, M.P. for Yukon, and I. In our many trips across Canada, we have observed as much apathy and lack of enthusiasm for active service in the armed forces of Canada in other provinces as in Quebec.
>
> Let us of the other parts of this dominion forget our smug complacency and force ourselves to realize that Quebec is as loyal as the other provinces.
>
> We are component parts of a great empire. Let each one do his, or her, part to unite Canada in support of that empire, forgetting petty racial and religious prejudices. We must work, we must fight for the right to worship one God, to be loyal to one king, and to hold a united empire, that our children's children may enjoy the freedom we hold so dear.

There is a great deal in this letter over which some hon. members in the house, and other people outside, should ponder. I do not wish to carry on this debate much longer. We have heard in the house many speeches from quarters directly opposite the government. They have pointed out that the government has been lagging and derelict in its duty. I want to ask hon. members if there was foundation for any of those criticisms.

The government of the present Prime Minister has at all times been able to handle the situation with one thing in view, that of maintaining unity in this country—unity of the various races in Canada. Without that we would not be able to carry on this war. I do not wish to attribute motives to any other

persons, but some who are facing me to-day, and others in other parts of the country, are carrying on certain propaganda in the press. I say to them, and to all those who hold such views, to consider that they are not giving good service to the Canadian people and the empire at large.

In all the provinces of Canada are to be found peoples of various races, creeds and religions. It is the aim of the country to keep all those various elements united together in order that we may present a united front, and be able to carry the burdens of the day and to give to this dominion of ours and to the empire the greatest service possible. It is helping the empire to defeat Hitler, and that is the aim of this country. It is the aim of this government, and it is the aim of all British countries.

Hon. W. EARL ROWE (Dufferin-Simcoe): Mr. Chairman, I have listened with considerable interest to the Secretary of State (Mr. Casgrain). I, like him, do not rise more often than many other hon. members who have not been here as long as the minister or myself. With much of what he has said I can agree. I join with him in wishing for this country national unity of the highest order. There is no greater purpose that any member of the house, or any elector in the country, can have than that of national unity.

But, Mr. Chairman, may I draw your attention to the fact that consideration must be given to a great section of this country if we are going to maintain the necessary unity, and bring about that all-out war effort about which we are all talking. I have every respect for the hon. member who has just taken his seat. He and I have sat in the house for many years. I know he bespeaks at least the feeling of those who elected him. But when he speaks of pre-election pledges, may I point out to him that I am not going to indulge in them to-day, because he knows them better than I—and I know them better than I am going to tell the committee now.

I do not believe that to-day this government has a mandate from the people of Canada for many of the things it is doing. It is all very well to say that it has no mandate for selective conscription; but when I hear the Minister of National Defence (Mr. Ralston) on the one hand, saying that we are out for an all-out war effort; that the Canadian front is on the English channel, and that the defence of Canada is over there, and when I hear on the other side someone saying that he has election pledges, and that we cannot have selective service for overseas, but that we will adopt conscription or compulsory service for Canada, then I begin to wonder where the front line really is. This government has inaugurated conscription. Did they tell the electors of Quebec or of Ontario that they were going to inaugurate conscription? Did they say to the farmer boys throughout the country that they would take them off the farm, whether their fathers were ill or their mothers in hospital, whether the farm went idle, or whether they had to have auction sales? No—silence gives consent.

My hon. friend who once followed the views of the farmers in another part of the house, did not talk that way. The Minister of Agriculture (Mr. Gardiner) did not talk that way, when he was travelling down the middle of the road looking for votes. The Secretary of State did not tell the electors that, when he visited Ontario, nor did the Minister of National Defence for Air (Mr. Power), who is very popular wherever he goes. Yes, there are many things they did not tell. But I am not going to take time to refer to some of the things the minister did tell the electors throughout Quebec. I have too deep a conviction respecting my own responsibilities in the house, and yours, Mr. Chairman, and this parliament's, in this time of terrible crisis.

I am not going to stir up dangerous issues, but I was surprised by the statement made by the Prime Minister last night. I think he went only far enough in that regard to leave us where we are. But I do say that this government has no more mandate to conscript the boys of this country for home defence than it has a mandate for selective service where the Minister of National Defence says the front line is, namely, on the shores of Great Britain.

An hon. MEMBER: A hundred and eighty to forty.

Mr. ROWE: That is all my hon. friends can think about—elections, elections. They are fearful of another election, and boasting still about the last one. They are playing politics, just as Nero fiddled while Rome burned. Let me say to them that they cannot blow hot and cold on this great issue.

Yet the Minister of National Defence says that the defence of Canada is overseas, and someone else rises in his place and says, "We will conscript men only for the defence of Canada." From the same government someone else says, "We have no mandate for conscription". Then, on the other side of the picture someone says, "We have a mandate for this form of compulsory service in our dominion". In other words, they say, "We will not tell the electors we would compel anyone to join the army, but after the election

is over we will compel the men to join the army—not where there is going to be any fighting, not where the Minister of National Defence says the danger is. We will not take a chance and give it further effect without going back for a political squabble in the country."

Let us face the facts. I believe the hon. member for Qu'Appelle (Mr. Perley) said this afternoon that it was almost unnecessary to be here, and that he would like to get away. I think he is right. I wonder now why we came here. The newspapers of this country have been filled to overflowing with legislation passed by orders in council. The newspapers suggested there would be legislation when we came here, but when we arrive we find the order paper has nothing on it but a few unanswered questions and a few discarded resolutions. Talk about depending upon the people—why, this government has scarcely depended upon parliament.

I have sat in the house and listened to the present Prime Minister (Mr. Mackenzie King) and other hon. members, condemning the Bennett government for legislating by order in council, condemning them for issuing blank cheques, and talking about dictatorship through order in council. Never since confederation has a government passed more orders in council than the present one.

I do not wish to be unfair to the Prime Minister, because he is carrying a terrible load. Yes, he is carrying a load heavier than he would have to carry if he would take parliament into his confidence. He is carrying a heavier load than he would have to carry if he took the country into his confidence.

I make no apologies for my own party. We hear much talk about a mandate, but neither party knew in 1939 what was going to happen. Billboards were put up all across this country when we were both seeking election. We had a similar policy on this issue as those who sit to your right, Mr. Chairman, we stated that there would be no conscription. But we are now in a crisis; we are in the midst of the flash and flame of the greatest peril this country has ever faced. An hon. member says that the government has the support of 180 members. I plead, then, with the Prime Minister of this country to face these facts that confront us. We are facing the greatest peril the British empire has ever faced. There are 180 members behind him, so surely he will have sufficient—I shall not say courage—confidence to go ahead; surely he will not be afraid.

An hon. MEMBER: Afraid of what?

Mr. ROWE: Afraid of the ballot box; that is what hon. members opposite are afraid of.

[Mr. Rowe.]

Mr. CHAMBERS: They will not need to come back by acclamation.

Mr. ROWE: I have come back far more often than my hon. friend, even by election.

Mr. CHAMBERS: The hon. member has a long way to go.

Mr. ROWE: This government is putting into force many orders in council. It has a right to do that in many instances because no government could face the problems that this government must face without passing orders in council. The Prime Minister and his cabinet have passed many orders in council which we all know were necessary to meet emergencies, but they have also passed many that were not necessary, especially while parliament was sitting. For instance, we had the price control or price ceiling legislation which we have heard about and which is not yet in effect.

I urge the government to take this house into its confidence. This cannot be classified as emergency legislation. This is the forum where these propositions and proposals should be dealt with. They should be brought here no matter how badly money is needed in the treasury. We met last spring; we met again this fall and yet we read about more legislation in the newspapers than we hear about on the floor of this chamber. We ask, but I have before me a list of unanswered questions. There are also on the order paper a number of discarded resolutions. These have not been reached no matter from what corner of the house they may have come. To my mind this parliament has been made an absolute mockery, more so than at any time since confederation.

The time has come when this government should take vigorous action. I should like to see the Prime Minister of this country provide by order in council for compulsory selective service and then come back to parliament and say, "I did not have a mandate to pass compulsory selective service for home service, let alone a mandate to send the boys overseas, but this is what I have done." I should like him to tell us that he had gone down to the compatriots of the Secretary of State in the province of Quebec and explained to those loyal people that the home front for the defence of Canada was overseas, that without a mandate he had brought in compulsory selective service to defend the shores of Canada and he therefore had provided for compulsory selective service for where the fighting is going to be.

Do not dodge the issue. If there is anything I can do to help this government, I am ready to do it. I have endeavoured, privately and otherwise, to make suggestions and offer

proposals to this government which I believed might help. Surely we can get away from politics for a while. Talk about national unity—

An hon. MEMBER: Hear, hear.

Mr. ROWE: My hon. friend says, "hear, hear." Nobody has played politics in Canada with greater success during the last quarter of a century than has my hon. friend. No other hon. member has been better recompensed for it either. This war far transcends any of our personal ambitions.

Mr. MARTIN: Hear, hear.

Mr. ROWE: The hon. member for Essex East says, "hear, hear." The front line of this country is overseas; Canada must be defended where Hitler is charging, and not upon the banks of the St. Lawrence. We have had a compulsory service which takes boys from the farms and leaves only old men to work them. I have heard hon. members to my left refer to that and to the many auction sales which have taken place because boys from the farm have been compelled to serve in defence of Canada. This service is supposed to be here in Canada, but when the boy gets in the army he finds he is bludgeoned into joining up for service overseas. He suffers humiliation and embarrassment and feels that if he does not enlist he will be like those to whom the Prime Minister referred in western Canada. To my mind this is a shameful and—I shall not use the other term I had in mind because I believe "shameful" and "cowardly" are both unparliamentary—it certainly is an inadequate and unjust means of serving the purpose which every member of the government has said must be served.

The Minister of Finance (Mr. Ilsley) says that this is an all-out war, and that we must have from the people dollars and more dollars. I have endeavoured to cooperate with him in every way in order that more war savings stamps and victory bonds may be sold. I say to the government that this tremendous task is their obligation. I know their purpose is to keep prices at a reasonable level in order that there may be a basis upon which they can collect this enormous volume of money which is going to be necessary to meet the most gigantic conflict in the history of civilization. I ask hon. members to pause for a moment and compare the task of to-day with the task of the last great war. Canada is not the country she was in 1914. She is not as advanced as she might have been, but she is a stronger and greater country in both materials and man-power.

Mr. CRUICKSHANK: And as far as government is concerned.

Mr. ROWE: My hon. friend says, "and as far as government is conc-rned." He that complies against his will is of the same opinion still. I know my hon. friend feels quite keenly about this. While he may appear humorous in the midst of adversity, I know that when he pauses in the silence of the night he will ask himself the question: Why have we compulsory service to defend our shores where there is no fighting and yet no compulsory service to defend our shores where our only defence lies? Think it over. We speak about national unity, but I see no reason why we should have disunity in this country on this issue. If there is reason why we should have disunity on this issue, it is not on account of the great French people of the province of Quebec, those people who were the earliest settlers of this dominion, those loyal, conscientious people who sent thousands of sons to the last great war.

The Liberal party has played politics with this most dangerous issue. I plead with them not to play politics again in this grave hour, but to go to the people of that great province, many of whom bear upon their breasts decorations from the last great war and many more of whom will be decorated overseas in this conflict; let the leaders of this government go to the people of the province of Quebec and say, "You people who were in this country first, and who love Canada, you who know that our most sacred freedoms were achieved under the union jack, we ask you to join us now in protecting not only the shores of the Dominion of Canada but the very shores of our freedom, the shores of Christian liberty, the shores of every right we have enjoyed for so long." If the government will do that, I ask the people of this country who are harping so much on unity to say whether such an appeal would not unite other great forces in this country, and who can doubt that the great province of Quebec would march on with all of us together?

There is and has been for many years another vital part of the defence of Canada—the British navy. The United States of America realizes that very keenly to-day, and we can unite with this great force with greater hope of success than we can ever hope to achieve by standing alone until Hitler takes us one by one.

It is all very well to say that we are going to have our men employed in their proper place, that we are going to produce aeroplanes and tanks. It is not so long ago that we were told we could not produce tanks in this country, but to-day we are producing tanks, aeroplanes, and guns, and our war industries are humming all across this country, playing the game and doing their best. The challenge is up to the government to work along with them.

Name a national coordinator, if you will, who will cut the red tape that is strangling our war effort at the present time, who shall also rip off the strait-jackets from these dollar-a-year men and let them go to work. We are facing the greatest crisis in our history, and before I conclude I would urge this proposal upon the government. I do so now because this is about the only chance we get to debate issues of vital importance. All we can do, the way this government carries on the administration of the country, without consulting parliament, is either to express our thoughts in advance or to criticize after action has been taken by order in council. Otherwise we come back to parliament and find that all we can do is to criticize what has been passed. Therefore, before we leave we had better anticipate the new orders in council that will be passed after we go home. We do not know whether the government in its price-fixing policy will take fifteen cents off eggs and add two dollars a hundredweight to bacon, or add fifteen cents to the price of eggs and take two dollars a hundredweight off bacon. Even when parliament is sitting, orders in council are passed regulating these things under this new-fangled economy.

Let me warn this government, which will be rapidly passing orders in council in connection with this new-born system, that they beware lest they defeat the purpose for which it was created. Let the government ask themselves in fixing prices of farm products to be as sure of the costs of production as they are of the manufacturing costs of industry, which gets its costs, plus ten or fifteen per cent. Let the government ask themselves whether it is fair to fix prices on the same basis for industry and the farmer, who cannot pay off his mortgage or meet his bank overdraft, and who works longer hours for less money, while labour in industry works shorter hours for more money.

Think of the farmer in the cost of living bonus plan. No one has been stronger than I for the man who toils at a machine. No one has worked harder and spent more, politically and otherwise, than I have done to see that labour gets a square deal, and I still stand by labour. But in this price-fixing scheme I urge the Minister of Finance, who probably has not worked the long hours some farmers have, to pause for a moment and ask himself if he should fix prices for the farmer who is working twelve and fourteen hours a day, on the same basis as he fixes prices for industry working eight hours a day.

I urge the government—and I am giving advice that may have little effect—to take into the cabinet, in the interests of our war effort, more men who understand the problems of labour and agriculture, just as the government of Great Britain has done, and I say that without intending any reflection on any member of the cabinet. If you want to unite this country, have all elements in our country properly represented in the cabinet, and then tell the country what needs to be done. Tell the country that winning this war is not going to be an easy matter, that this government has a job to do, and that if it fails to do it, history will hold it forever responsible. If our empire's history is to be brightened by Canada's contribution as it was in the last war, not only must we stand united, but we must march on together to the end. There are more critical days ahead, and it is the duty of the government to spur the people of this country on to greater effort. Do not pause to ask yourselves whether you have a mandate to do what the situation demands, because nobody is going to bother you even if you go a little further than your mandate to carry out an all-out war effort. Do not think so much about mandates, and politics. Think about the challenge that faces you to-day. Think of the return of freedom and liberty to the enslaved countries of Europe, which depends so much on the efforts of Canada, the richest country in the empire, the country that is attracting the eyes of the world to-day, a country that our great neighbour to the south is watching. The United States have compulsory selective service even before they are at war. Let the government concentrate on the crisis that is facing us to-day and ask themselves whether they can afford to play politics as it has been played in normal times.

Mr. McIVOR: I am not sure whether I heard the hon. member for Dufferin-Simcoe (Mr. Rowe) aright, but I understood him to say that our war effort was being hampered by red tape. Those were not his exact words, but that is the substance of what he said. That certainly is not true or fair. I have in my hand a pamphlet containing an address given by a member of this house in the last parliament, Mr. J. A. Marsh. He was a defeated candidate in the last election and now occupies an honoured position in the Department of Munitions and Supply, where he is engaged in the examination of contracts. In this address he says, "There is no political patronage in the Department of Munitions and Supply."

Mr. E. G. HANSELL (Macleod): I think there is just enough time before six o'clock for me to say what I desire to say. My voice is not quite so loud as that of the hon. member for Dufferin-Simcoe; my frame is not

quite so large; but I trust that my logic is as sound; and anything that I say now I do not say in defence of the Liberal party.

I agree with the sentiment which has been expressed that in the last general election the people of this country were under the impression that by voting Liberal we would not have conscription. I have searched records; I have gone back over newspaper articles, and I cannot find that anywhere any mention was made of or any distinction drawn between, overseas service and home defence; and the people themselves voted at the last election against any kind of conscription.

Coming to my hon. friend's remarks, I fail to understand how our Conservative friends could have changed their minds so quickly. The fact of the matter is that we have not heard very much about this conscription business until the last few days.

Mr. ROSS (Souris): Has the war changed since then?

Mr. HANSELL: The war has not changed in the last few days; but supposing it had, I will come to that in a moment. In the last election, about eighteen months ago, this group which I represent made their stand definitely clear. They had the foresight to anticipate that we would have a long, hard battle and that the time might come when the entire resources of the dominion would have to be brought into the war effort. Our stand then was: begin the right way, by mobilizing the financial resources or—should I say?—the financial institutions of this country, that the government might take unto themselves that which they had delegated to the financial institutions and control the credit facilities of this country to aid in the war. That, we said, was the first thing to do. We went out on the platform in the election and said the same thing. Did our Conservative friends advocate conscription at all in those days? They did not go even as far as we did. But now, in the last few days, there suddenly springs into existence a cry by these hon. gentlemen for some type of conscription.

Mr. JOHNSTON (Bow River): They do not say even yet what they want.

Mr. HANSELL: To-night's paper has a rather large headline:

> Arthur Meighen accepts leadership of Conservative party.
> To urge compulsory service over whole field of war.

I suppose that means foreign service as well as home service. We did not hear anything about that eighteen months ago. One can come to only one of two conclusions: either my hon. friends are indulging in political opportunism by grasping at what may be regarded in some opinionated circles as a growing public sentiment over the subject of conscription, or, they were not far-sighted enough to see what might happen eighteen months afterwards. For a party to bid for power that cannot see eighteen months ahead is—well, I would not vote for them anyway. I do not think I shall ever vote for an old-line party again.

Mr. JOHNSTON (Bow River): The Liberals are no better.

Mr. HANSELL: Quite true. I think we can say that the same thing applies to the Liberal party.

Mr. ROSS (Souris): That does not apply to some of us. Some of us predicted what would happen.

Mr. HANSELL: Are we planning now for that which may be a year, two years, three or four years ahead?

Mr. JOHNSTON (Bow River): The Liberals cannot see six months ahead, and here is the evidence.

Mr. HANSELL: I said I would not vote for an old-line party again. I did so once; I voted once upon a time for—believe it or not—the gentleman who is now Viscount Bennett.

Mr. JOHNSTON (Bow River): Shame on you! You should have known better.

Mr. HANSELL: I will ask the hon. member for Bow River not to rub it in too hard.

Those are all the observations I wish to make. The hon. member for Dufferin-Simcoe may rise in his place and say, "Let us not play politics"; but if politics is played at all, it is played on the grounds of political opportunism. Let us not be political opportunists; let us be in this whole matter as statesmanlike as we can.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. STIRLING: We are discussing the proposals of the Minister of Finance?

Hon. J. L. ILSLEY (Minister of Finance): Yes, as the Prime Minister intimated just before recess.

Mr. STIRLING: I listened with very great interest to the statement of the minister the other night in which he described the considerations which induced the government to proceed

by the particular method which it has adopted. As far as my observation goes, I would be inclined to think the country has received it, as a declaration of policy, with a good deal of acquiescence. But the minister realizes, as I think the public realizes, that the government has embarked upon an undertaking the working out of which, on the administrative side, will be accompanied by intense difficulty. The minister has not belittled the difficulties. I assume the committee will wish to discuss those difficulties as hon. members see them.

A difficulty which, it seems to me, will have to be met is that the retailer finds himself in this position. Following the accustomed method of trade, he has ordered ahead. In some instances he has had to order, months ahead, the commodities which he needs to maintain his stock. In those months the wholesaler's price to the retailer has in all probability risen. The retailer has his shelves somewhat full of those articles that he is accustomed to deal in, has probably not raised his prices; the prices which he has been charging the public relate to the costs at which he provided himself with those goods. But those prices ruling through the period of September and October will no longer recompense him for what he will have to pay for the goods ordered in the months preceding the period. I wonder whether the government have given consideration to that matter, and consider it as one which must be met, and whether the minister can describe any methods by which it may be met.

It appears to me that recognition must be given to that difficulty. If it is not given, as far as I can see, it just means that the retailer is left in the position of having to take that loss. If the retailer at large through this country, be he the small man or chain-store shareholder, has to pay more to the wholesaler for the goods he has ordered prior to this period, then he will have to absorb the loss. I do not know if the government is preparing to load that loss on to the retailer who appears to me to be alone in having to carry it.

Mr. ILSLEY: It is not a problem peculiar to the retailer. It may apply to the wholesaler as well, or the processor. The problem is a very real one, and consideration has been given to various methods of meeting it. I am not in a position to say which of those methods or what method will be adopted. I should like to hear hon. members present the difficulties, and shall take note of their representations. But I think it would prejudice the whole working of the scheme if I were to indicate what the board may or may not do. I am not in a position to say that at the moment.

[Mr. Stirling.]

Mr. HANSON (York-Sunbury): Does the minister not think that at the beginning at all events, no matter how much good-will there may be toward the aim which the government has in view—and I do not think anyone has disparaged that aim, at least I have not; I was criticizing the means by which it was to be achieved, not the end in view—does he not think that in a great experiment like this it would be fair to say that the whole thing will be more or less a matter of trial and error until the weak spots are found and the holes are plugged?

I have in mind the case of a manufacturer who has to bring in parts, some from the United States, if he is allowed to do so, where he thinks he can buy them more cheaply than locally, even after paying the exchange and duty. The manufacturers are fearful that their costs will be increased but that their selling prices upon which they base their bids to their customers in the ordinary course of dealing will be frozen. They send their travellers out months in advance to take orders before the goods are made, for example boot and shoe manufacturers. On a rising market a manufacturer simply cannot sell at the prices at which he has been asked to, and he just has to cancel his order. I have found that case. I assume that in a case like that, if he makes the proper representation to the board and if the board are satisfied as to the bona fides of his position, they will grant him some relief. Is it to be a case of every man applying on his own behalf, or will they be heard in classes? These are thoughts that have been running through my mind. I do not see how any hard and fast principles can be laid down to govern a position like this.

While I am on my feet may I offer a suggestion to the minister, who rather deprecated the suggestion I made the other day that these prices had been frozen on an uneven level. That may not be true with regard to the whole commodity picture, but certainly it is true with regard to certain commodities. I think it is true with respect to agricultural commodities, other than wheat, because definitely this does not govern wheat. I think it is true with respect to agricultural production in my own province. That production is not as large as it might be, but that is the reaction I get from those in the business. Take, for example, those who raise potatoes, one of the most important productions we have in our province. The hon. member for Victoria-Carleton (Mr. Hatfield) knows very much more about it than I do; and I know he holds that view very strongly.

I suggest to the minister that it must of necessity become more or less a matter of trial and error, and I am afraid that the man

who pushes most strongly, who pulls the hardest, who is capable intellectually and financially of making out the best case, will win out, while the little man, who perhaps cannot make himself heard, who has not the money to present his case, may suffer.

Mr. KINLEY: He always has.

Mr. HANSON (York-Sunbury): I have grave fears for the safety and the future of the small dealer in this country under this project. The big chain-store man or the big department store is in a better position to sustain any shock that may come. The little fellow who marks his goods, not on the basis of the cost of replacement but rather on the basis of the cost to him on the shelves, is going to take what will be to him a very severe licking. That is my fear, though I hope I may be wrong.

On the other hand, I believe that if the government wishes to perform a national service, with which I think in principle we all agree—namely, to prevent inflation—we ought to ask for the whole-hearted support of everybody to see if this thing cannot be put over. That is my attitude at the moment; yet I do not see how it can be done by a central body here in Ottawa, in a far-flung country like Canada, where the little fellow cannot make himself heard. Perhaps hon. gentlemen opposite may be able to help the minister; I hope they can.

Mr. NEILL: I should like to endorse the remarks of the two previous speakers. Unfortunately it is the man who has acted from the decent point of view who is going to suffer most. A retailer, confronted with a sharply advancing price, has two alternatives; I was a retailer during the last war and I know how it worked out. When he sees prices going up he can do what the better element perhaps would do, continue to sell at the old price until his stock is exhausted, and then raise his price; or he might say, as the leader of the opposition says, "Well, I will only regard the cost of replacement," and thus take advantage of the rising market, knowing that people can not buy the commodity for less from any other retailer. In that way he could secure a greater profit than ordinarily would be the case.

That is what has happened here. The man who said, "I will not increase my price beyond the basis of what I had to pay," is going to be stung. The man who increased his price because he saw the market rising will get off, because he raised his price during the control period. The result will be that the man who did the fair thing will be stuck, not only for the immediate future but apparently for a good long time, because whoever drew up these regulations appears not to have taken account of that lag, so to speak, between the wholesale and the retail price. Some retailers buy their stuff six months ahead; but whatever the period may be, there is a lag. The leader of the opposition spoke about the small man not making himself heard. I can tell the committee that the small man in my district is making himself heard, because since this thing was announced I have received nearly a hundred letters begging me to bring the matter to the attention of the minister or the house.

As I say, this is going to be a permanent thing; it will not be only one temporary loss, for the sake of the convenience of the departmental official; it will go on indefinitely, because the merchant will be compelled to sell at the price obtaining during the control period. But the price has been raised already by the wholesaler, and even if he is not permitted to increase it any more, it remains at that level. I have a letter in my office now in which a man mentions one brand of coffee. He says he is paying more for that coffee now than he was retailing it for during the four-week period. He anticipated having to increase the price as soon as his stock ran out, but unfortunately he did not increase his price during the period in question and now he is condemned to sell at the lower price for the duration of the war. On the other hand, the wholesaler will be able to sell the coffee at the price fixed during the latter part of the four-week period, which will create a gross injustice as far as the small man is concerned, as the leader of the opposition has said.

It seems to me it should not be very difficult to take care of that situation. Any adjustment would have to be made only once; then the wholesaler would not be permitted to increase his price again, and there would be no more trouble. In the case of almost every retailer there has been some increase in wholesale prices during that period, but unless an adjustment of this kind is made, the man who was decent about the thing will be the sufferer.

Mr. MacINNIS: In saying a few words with regard to this matter I do not wish either the minister or the committee to take it that I am criticizing control in itself. I think we are all satisfied that under the circumstances controls of various kinds will have to be put into operation, and the only matter about which I am concerned is that these controls should affect everyone as equally as possible. We are not going to put into operation controls which will impose

restrictions in any way without hurting somebody, but what I do wish to avoid is any grossly unequal distribution of the burden that will be caused.

In reply to the hon. member for Yale the minister suggested that the wholesaler was affected in much the same way as the retailer. To a certain extent that may be true, but I believe the minister will agree that, generally speaking, the wholesaler will be better able to carry the burden than the retailer. The man who will be concerned most of all is the retailer with a small business, because it will affect his living. There is only a very small margin between what is sufficient to keep him going and what will cause him to close up shop altogether.

The minister has made out a pretty good case; obviously he cannot say at the moment what his department will do in the matter, but if we could have an understanding that these questions will receive the utmost possible consideration, then I think we shall be satisfied. It may be said, I suppose, that many of the small retail businesses are uneconomical. I believe that is true; but until we find some method by which the people who are in these businesses, and who would be put out of business by the control, can make a livelihood in other occupations, great care should be taken to see that they are not unduly affected by the controls instituted, as has been outlined by the hon. member for Yale.

Mr. HARRIS (Danforth): When the Minister of Munitions and Supply was introducing the subject matter which he reviewed in a previous speech, this matter was discussed with particular reference to raw materials required for war industries. That is a problem as far as his department is concerned; discussion appears at page 4241 of *Hansard*.

Now, on the invitation of the Minister of Finance, I direct the attention of the Minister of Finance to the same subject. A portion of the raw materials referred to is used in the manufacture of war materials, but a larger portion is used in the ordinary commerce of the country. In days gone by, the market for primary products was usually based on what could be obtained for the exportable surplus. Invariably, in common with agricultural products, they found the price which prevailed for the exportable surplus, especially if it were shipped to the United Kingdom, in view of the fact that, in days gone by, the United Kingdom had received their supplies from India and Europe, was considerably lower than the price on the domestic market in Canada.

[Mr. MacInnis.]

To-day, either fortunately or unfortunately, the only export market of any value that we have is in the United States, and prices in that market are riding anywhere from 10 per cent to 60 or 70 per cent higher than the ceiling price in Canada.

I arrive at the ceiling price from this deduction: through the years raw materials have been contracted for. As I said before, contracts were ordinarily made in the months of November and December for the twelve-month period following. The contract prices of December, 1940, provide the ceiling prices and the base period in this legislation. Meantime, due to industrial activity in the United States, the market in that country has risen considerably above the Canadian ceiling price.

I appreciate that the minister's problem is a very difficult one, and I am going to offer him one suggestion to which he might give some thought, and which I believe would help him with his problem.

Mr. ILSLEY: Is the hon. member talking about rubber?

Mr. HARRIS (Danforth): I am speaking about hides, in particular—hide trimmings, and commodities of that kind. I refer not only to hides alone, but to split trimmings. I am afraid if I gave the minister the complete nomenclature of all primary products, he probably would not understand it all. Hides, however, constitute one commodity among a number of others.

For instance, murrain hides in Detroit are selling anywhere from two cents to six cents a pound higher than in Windsor. I know about the export situation in that connection. But in respect of by-products from split trimmings —that is, after the hides are split—a million pounds were shipped out of this country last year. The contract price in December, 1940, in the case of wet was $22 a ton, and dry, $30. The value to-day in Boston is $45 for wet and as high as $60 for dry. That is an example of the commodities I have in mind.

Of course this is not a commodity which will upset the whole economic set-up of Canada, but it is an illustration of many other commodities. The trading in this commodity amounts to probably only a thousand tons a year. But the suggestion I am going to put on record is that the minister should have access to the records of exporters of raw materials of this and other kinds to the United States for the preceding year. It may be that he would have the information for two or three years preceding. He would ascertain the names of those desirous of shipping products out of Canada, and bleeding this country of raw materials so necessary for the making

of war requirements. The minister's department could take a record of the individual shippers and, before issuing export licences, could have those shippers declare what they had shipped in years gone by. In that way he may be able to hold the situation in hand.

What will happen will be that shippers who have been loyal to Canadian industry by selling their products at home will be in the unhappy position of receiving a little less for their products, if they sell them for the ceiling price in Canada. On the other hand, those who through branch plants connections in the United States still ship to that country will get the advantage of a higher market. I therefore suggest that the minister's department see to it that shipments abnormally large compared with those in previous years are not allowed to leave Canada, and in that way avoid a scarcity of raw materials to keep Canadian industry supplied.

I know the minister's department has already received representations in that respect, because I was interviewed in Toronto by a Chicago concern which made representations concerning the export of beef hides and calf skins from Canada to the United States. That is one example. If his department takes a firm stand, I am sure he will get the cooperation of Canadian industry. I realize some of the difficulties, but I hope he will give consideration to the suggestion I make.

Mr. ILSLEY: Yes.

Mr. DOUGLAS (Weyburn): How do these price control regulations affect the price of wheat? As I understand it, the ceiling price will be the average between September 15 and October 11, which was about 77·3 cents.

Mr. ILSLEY: That was the highest price.

Mr. DOUGLAS (Weyburn): The highest in that period was about 77·3 cents. But the minimum price would still be in effect. The price would be allowed to fluctuate between 70 and 77·3 cents.

Mr. ILSLEY: That is only for domestic sales, and does not apply to export sales.

Mr. VICTOR QUELCH (Acadia): I cannot help being amused at the apparent about-face on the part of the government in respect of certain matters in their financial policy. For instance, on various occasions between 1935 and 1939 we stressed the fact, when it was desirable to put certain projects into operation, that provided we had the necessary men and material to carry out those projects, it was quite a simple matter to arrange for the financing of them. In other words, we stressed the fact that anything physically possible and desirable could be made financially possible. We remember that whenever we suggested such a thing in the house we were ridiculed by the former Minister of Finance.

It is interesting to note that since the declaration of war the Prime Minister (Mr. Mackenzie King), the Minister of Finance (Mr. Ilsley) and the Minister of National Defence (Mr. Ralston) have stressed on various occasions that everything that in the physical sense can be done to win this war will be made financially possible. In other words, they are taking exactly the same stand as we took in peace time, but apparently they are not prepared to take that stand in peace time. They will take it only in war time.

Between 1935 and 1940 we stressed on many occasions that in order to develop our resources to their full capacity and maintain as high a standard of living as possible, it would be necessary to institute price control and, in certain instances, some degree of rationing. The present Minister of Finance took exception to that statement; in fact he took a very strong stand against any suggestion that we should introduce price control. May I read to the committee what he said on November 21, 1940, when the proposal was made by one of this group that we have price control. These are his words:

> Price fixing of a few commodities, indeed rationing of a few commodities, is possible and need not have a very serious effect, but price fixing and rationing on a general scale have at least two disadvantages.
>
> In the first place, this would call for bureaucratic interference in the private affairs of all Canadian citizens. Perhaps I am speaking a little bit figuratively here, but generally speaking there would have to be a government spy in every grocery store. The Germans did this with some success, but the Germans are experts as spies.

And then:

> The whole habit of thought of the Canadian people, the dislike of intensive and general government intervention in their personal transactions and private affairs, would make a universal system of price fixing and rationing, even if it were practicable in Canada, far more odious, I am satisfied, than a system of taxation and borrowing out of savings, which is the policy of this government.
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> Every detail of our economic life would have to be controlled by someone sitting here in Ottawa.
>
> It is true that the nazis in Germany have gone nearly as far as this with their price fixing and rationing. But even they, with a dictatorship and with years of experience before the war, have had to combine this price fixing with very heavy war taxation and with borrowing enormous sums at interest rates higher than we pay in Canada.

The minister made that statement as recently as November 21, 1940. According to

the minister, price control would necessitate placing a spy in every food store. If the minister is still of that opinion, I wonder whether he is starting to organize a gestapo and put spies in stores throughout the country. That is what he said in order to ridicule our proposal. I agree that his statement at that time was nonsense, but that is the language used by the Minister of Finance and the former Minister of Finance (Mr. Ralston) on almost every occasion when we made proposals to better the financial system. I agree that there is no reason of sense in that statement, that the minister went to extremes.

Mr. ILSLEY: I said I did.

Mr. QUELCH: I am glad to hear the minister admit that.

Mr. ILSLEY: Not now, but I did then. I said that I was speaking figuratively, that that would bring about a system of regimentation, and so it will. We are going very far in that direction.

Mr. QUELCH: I am not criticizing the minister for introducing a form of price control. I think it is necessary, but the proposal made is a clumsy one. The minister would be well advised to adopt the price control proposal suggested by Major Douglas. That is what they have adopted to a certain extent in the United States with the stamp plan, and also in Great Britain with the system of compensated prices. I shall not deal with that now, but I may at another opportunity.

In his speech, the minister admitted that we in this group had always opposed inflation. I doubt if there is any group in this house more opposed to inflation. On the other hand, the minister stated that he was of opinion that our proposal would cause inflation. Let us go back to the years 1935 to 1939. We had half a million unemployed; industry was running in low gear; many plants were closed down or running at a small percentage of their capacity, and we had a favourable balance of payments in those years amounting to around $200,000,000. In addition, there were a million people on relief. The ministers of the government were travelling all over the world in an effort to obtain foreign markets, but they were absolutely blind to the fact that in Canada there was a tremendous undeveloped market in the million people on relief and the many others who were having to accept a standard of living far below what was necessary.

Our proposal during that period was, first of all, that we should take steps to obtain effective control over the issue of currency and credit. We realized that this would be necessary before we started any other financial reform. Then we contended that a certain proportion of the unemployed should be put to work on capital projects and a certain proportion in industries producing goods for consumption. The money paid out for capital projects would help to create an effective demand for the goods produced by the consumption goods industries. But we also stressed the fact that it was necessary to maintain a certain definite relationship between the production of capital goods and the production of consumer goods. We contended that capital production should be maintained at a sufficient volume so that the money paid out in its production would be at least equal to the deficiency which existed between the total price of consumer goods available for distribution and the effective demand against them.

I think we all know that from 1935 to 1939 our capital projects were down well below normal. On many occasions we advocated that these capital projects should be increased. We advocated slum clearance, road building, reforestation and many other projects. The money paid out to carry on these projects would have created an effective demand for consumer goods which could have been produced but which were not. Every time we made such a suggestion the Minister of Finance would ridicule it as being inflationary; at times he became almost hysterical.

We said that such a programme could be financed by the Bank of Canada, but we suggested that before the Bank of Canada was used for that purpose it was most necessary that we should obtain effective control over the issue of currency and credit. We had not that control at that time and we still have not that control. We suggested also that it would be necessary to institute a system of price control. I defy the minister to say that such a proposal as that could possibly cause inflation. The effect of carrying out that suggestion would have been to maintain production at its maximum level, or at least at a level sufficiently high to maintain a decent standard of living in this country. It was not inflation; it was simply stabilizing supply and demand.

We realize too well that since the declaration of war the situation has changed entirely. To-day we have a great expansion in the production of capital goods and the money paid out in this production is causing an increased demand for consumer goods. There is no longer a proper relationship between

the production of consumer goods and the production of capital goods. As the war goes on and we find it necessary to make a greater effort, we shall have to increase the production of capital goods. When we have exhausted our supply of labour it will become necessary to decrease the supply of consumer goods. We realize that it is absolutely necessary to have this relationship in war time.

The Minister of Finance says that this excess purchasing power should be drained off by a system of taxation and the sale of bonds. We agree that the people should be allowed to invest a certain amount of their money in savings certificates, to put aside a little for a rainy day, but we cannot understand why the people of this country should be forced into debt in order that certain people may have an investment, or, in other words, that we should curtail spending. We have always attacked the sale of bonds as being a dishonest and unsound system. We claim that it is dishonest because it is nothing more or less than a misappropriation of the funds of future generations. We maintain that it is unsound because we shall be building up a debt that can never be paid under the orthodox system of finance. I hasten to add that when we say that we do not mean—the minister sometimes jumps to conclusions—that the people who are buying bonds to-day are not going to be paid. Of course they will be paid, but in paying those people the government will not be reducing the debt; they will do it by refunding, just as it has been done in the past.

The minister has stated that the ideal method of selling bonds would be to distribute them as evenly as possible throughout the nation. If we could make this a one hundred per cent distribution, if everyone held an equal amount of bonds, then everyone would be taxed to pay his own interest. We would all be taking in each other's washing and we would be no further ahead. The same thing could be accomplished by taxation. But this is not the situation; we know very well that a large percentage of the bonds are held by a small number of people. I know that the figures issued by the minister show a wide distribution, but that does not alter the fact that a large proportion of the bonds are held by a comparatively small number of people. We shall be taxing all the people to pay the majority of the interest due to a small number of the people, and that is not a desirable state of affairs.

As I say, we shall never be able to pay back this debt. That must be quite obvious. If the people to-day are not able to pay for current production, then the people of the future will certainly not be able to pay for the goods they consume at that time as well as the goods we are using to-day but not paying for. If we adopted a real pay-as-you-go system, we would be paying for these goods as we used them and not be calling upon generations of the yet unborn to pay for the cost of this war. Some people will argue that we are fighting for democracy and therefore we have the right to expect the people of the future to help pay the cost. That argument has been used in connection with every war fought in the past. We are still paying for wars fought one hundred years ago. Every time we have another war our debt mounts and the problem becomes greater. The same thing will happen in the future. The people of that day will be asked to pay for this war. But I suggest that the people of the future will have sufficient troubles of their own without being asked to pay for the war we are fighting to-day.

The minister likes to hope that the tremendous revenues we are obtaining to-day will continue after the war. Why is it that we have such large revenues to-day? What is the main reason? I put forward two main reasons. In the first place we had monetary expansion to provide for maximum employment and increase the production of industry. Second, and perhaps more important, the government has become the largest purchaser of labour and commodities in the country. Is the government prepared to continue that policy after the war? If it is—and mind you, it is a complete change from the policy of the past—there is no reason why we cannot have in Canada after the war the greatest era of prosperity which the world has ever seen, because all the productive capacity for war purposes to-day will be available after the war to satisfy the needs of the people. But if we are going to be told, as we have been told already, that we shall have to tighten our belts to pay for the war, that all government projects will be curtailed and that there will be a general contraction of credit, then undoubtedly we are going to have in this country the greatest depression we have ever seen. I recall what was said of the last depression. Mr. Spinney, general manager of the Bank of Montreal, said that the main reason for the last depression was the great debt which had been incurred in the last war. Then I ask the Minister of Finance, if a two billion dollar debt for the last war caused a ten-year depression, what will the war debt at the end of this war cause? There is no question in my mind that we are headed for one of the worst depressions we have seen in

this country unless the government is prepared to depart from its former orthodox financing.

There is one other question to which I wish to refer. In the past in this house we have urged and we are still urging that to the extent that taxation and the sale of interest-free certificates will not provide the necessary revenue for the government, the services of the Bank of Canada should be used. It is interesting to note that many prominent bankers and economists are showing a complete change of mind on this subject, especially as regards the sale of bonds. If anybody went out during the last victory loan campaign and suggested that the sale of bonds was not the correct method of financing the war, his patriotism was likely to be called in question and he was likely to get a visit from the police the next day. As a matter of fact the police did visit people who criticized that method of financing the war. I have criticized it inside and outside this house both in peace time and in war time because it is a racket which becomes more contemptible in time of war. Let me quote what has been said in this regard by two authorities whose word cannot lightly be set aside: first, Lord Kindersley, who I understand is chairman of the National War Savings Committee in England and a director of the Bank of England. He is quoted in the April 9 issue of the *Parliamentary Debates* of the British House of Commons by Mr. Stokes, M.P., as having said:

> I do not disagree with the expressed belief that it does not make a pennyworth of difference whether you subscribe or not, provided you bank your money and do not spend it.

The minister would agree with that statement because he has stated that the purpose of the sale of bonds and of taxation is primarily to curtail purchasing power. But if people are prepared to stop spending and to put their money in a bank, the same end is achieved, so far as not spending it is concerned, as if they had bought war savings certificates or bonds. The minister has stated in the house that the main purpose of taxation and the sale of bonds is not the raising of revenue but to curtail the spending of the people. That statement was also made by Professor Plumptre.

I want to quote one other authority in this regard. He goes a bit further than Lord Kindersley. I quote from the *Western Producer* of October 9, 1941, which has an editorial on the August letter of the Royal Bank of Canada. The editorial says in part:

The same issue of the Royal bank letter went on to quote with apparent approval criticism voiced by the *London Economist*. That leading periodical is cited as having said:

> "The whole cast of savings propaganda needs to be quite radically altered. The individual should be told that his duty is to reduce his consumption by every possible means. He should have the lesson driven home to him on every hoarding that every act of consumption uses shipping space and labour—the two scarcest of commodities. Once he has economized as much as he can, it matters very little what happens to the money he saves thereby—"

I draw the attention of the Minister of Finance especially to this:

> "The saving once done, it is of no advantage to the state to pile up enormous figures of subscriptions to savings certificates and war loan. Indeed it is to the state's advantage not to borrow at two and a half per cent or three per cent if it can raise the money more cheaply, and the truly patriotic citizen is he who, having reduced his consumption to the absolute minimum, leaves his spare money in the bank."

I quite agree with that statement, and I think everybody should agree that it is far more patriotic to curtail your spending and not impose a debt on the nation than to curtail your spending through a process of increasing the national debt.

The minister is introducing a form of price control. It is a blanket price control. As I have stated, we believe that a better system could be introduced; nevertheless this plan will have the effect of preventing the exploitation of the people by certain industries. At the present time we have not effective control of the issue of currency and credit. Therefore I would ask the minister this question: Why does the government not take the necessary steps to obtain absolute and effective control of the issue of currency and credit and then, instead of obtaining credit through the chartered banks or financing the war by the issue of bonds, why not use the services of the Bank of Canada? Or perhaps I should ask this question rather: Is the government intending to utilize the services of the Bank of Canada? The minister in his speech left that question up in the air. He stated that he needed $600,000,000 but did not know where he was going to get it. He thought he had pushed taxation as far as he could and he did not like issuing any more bonds. He did not state what action the government proposed to take. I wonder whether he could at this time tell us what is the government's objection to utilizing the services of the Bank of Canada, having first of all obtained effective control of the chartered banks.

Mr. ILSLEY: This is one of those academic discussions which the hon. gentleman is very fond of starting in this house. I have engaged

in them before, but I really do not know that much advantage would be gained by entering upon another one to-night. If we are to do that, I will make some preparation, as the hon. gentleman has done, and then come back and we will have a debate of that kind if he wants it. But I do not see what is to be gained by it. He has his views as to how this war should be financed and we have our views. We have both put our respective views before the house and the country. He talks about the $600,000,000 that I was speaking of the other night. I do not admit that that particular $600,000,000 is ever going to be needed, because that was the additional amount which would be needed after the price level rose by 20 or 30 per cent, and we do not intend that the price level shall rise.

With regard to whether we intend to borrow from the Bank of Canada, there has been some small borrowing, as the hon. gentleman knows, from the Bank of Canada. The returns which have been produced in the house have set out the borrowings from the chartered banks, from the public, and from the Bank of Canada. When the hon. gentleman asks me whether it is the intention of the government to borrow from the Bank of Canada, and how much we intend to borrow from the Bank of Canada, those are questions which I should not, and indeed cannot, answer at the present time.

Mr. QUELCH: Would the minister care to comment upon the August letter of the Royal Bank of Canada? I ask that question because throughout the country there is a great deal of discontent at the way in which the government is financing this war. There is a feeling that we are building up a debt which is going to have the effect of causing depression and a great deal of grief after the war. The statement in the *Economist* is a very clear one. It is one for which people in this country have been branded as unpatriotic when they make it. I do not think that stigma can be attached to the *Economist,* whose statement is quoted with apparent approval by the Royal bank. If it is a correct statement of fact, unquestionably something is wrong with the government's policy.

Mr. ILSLEY: To what statement is the hon. gentleman referring?

Mr. QUELCH: The one which I quoted from the *Economist.*

Mr. ILSLEY: What part of it?

Mr. QUELCH: The one which stated that people would be just as patriotic or more patriotic if they placed their money in the banks rather than purchase bonds or war savings certificates with it.

Mr. ILSLEY: Whatever the validity of the statement may be, the fact is that if the money is not borrowed from persons, they do not place it in the banks, they spend it, and that exerts an upward pressure on the price level. Therefore, from a practical point of view the only thing to do is to secure the money from the people, to channel money back to the government from the people either by taxation or by borrowing. We cannot go very much further by taxation, so we have to do it by borrowing. We have to offer some incentive to people to lend money to the government; that is why we pay interest.

Mr. QUELCH: In other words, the government feels obliged to place the nation in debt rather than allow the people to spend the money. Surely the logical thing would be to increase taxation.

Mr. ILSLEY: The nation is in debt to itself.

Mr. QUELCH: That would be true only if everybody were buying an equal amount of bonds. I know we are assured by Mr. Towers that the greater the debt, the greater the prosperity: "Look at central Africa—no debt, no prosperity!" But that would be true only if everybody were buying an equal quantity of bonds. We know that is not the situation. We know the situation is that a very small percentage of the people hold by far the greater part of the bonds, so that for evermore the people of this country are going to be compelled to pay tribute to that small number of bondholders. That is why I contend that the correct procedure would be to tax those people rather than sell bonds to them. After all, the minister has stressed again and again that we should have a pay-as-you-go policy. When we take into consideration the tremendous sacrifices which are being made to-day in Europe and by our own people; when we call to mind that many are going as far as to give their lives, is it too much to expect that people in this country should be content to maintain their pre-war savings entire, and to have a fairly decent standard of living for the duration of the war, but that after the war they should not be any better off than they were at the start? The person who finds himself in that position should regard himself as exceedingly lucky. No one should expect to build up, as a result of this war, great accumulations of bonds which will largely represent profits from the war. It seems to me a very unfortunate state of affairs that when certain people buy, say half a million dollars worth of bonds, we call them patriots—patriots for having invested their money at three per cent in a gilt-edged security. I do not like the use of the word "patriot" to describe a man who, as a result of good business, is able to get hold of a

security which will provide him with three per cent for the rest of his life. We use the same word to honour the man who goes overseas and sacrifices his life. I should say that the correct procedure is to tax those who have the greatest amount to lose as a result of this war; they should be prepared to make such sacrifices in line with the sacrifices which are being made overseas.

Mr. ILSLEY: I agree that we should tax just as far as it is possible. That is the government's policy. The taxation this year, together with other revenues of the government which are insignificant compared with the taxation revenues, will yield between $1,400,000,000 and $1,500,000,000. I do not know just where to go or how to proceed to tax much more heavily than we are doing now.

When the hon. gentleman says that bonds are being bought from profits which are being made out of the war, he is in error, because profits are not being made in any great degree out of the war. A very close check is being kept on that. The profits before taxation have increased to a very considerable extent, but the profits after taxation have increased hardly at all.

Mr. HANSON (York-Sunbury): They are less.

Mr. ILSLEY: Well, no. On an analysis of about 320 companies which was made by the Bank of Canada, and which did not include certain classes of companies such as railways and some others, but covered 320 representative industries in Canada, it appeared that the profits after taxation had increased by 6 per cent in 1940 over 1939—which was a very moderate increase. The *Financial Post* made an analysis of the balance sheet of, I believe, 280 representative companies, and the conclusion to which they came was that the profits after taxation had increased 2·2 per cent. The increase in income after taxation has not been to any extent to commercial, industrial or financial corporations; it has been in the lower income earning groups. It is very largely in the wage-earning groups that the great increase has taken place in the incomes of the people of the Dominion of Canada. Of course, we tax them, but at a so much lower rate that their net incomes after taxation have been very substantially increased.

Mr. QUELCH: I should just like to mention that I notice, from the returns of the profits of the chartered banks, that in the case of the Bank of Toronto the profit increased in 1940 from, I believe 16 per cent to 24 per cent after the taxation had been paid.

[Mr. Quelch.]

Mr. ILSLEY: I do not know whether that was after taxation or before, but I think it was before.

Mr. QUELCH: It stated "after taxation".

Mr. ILSLEY: I am not sure about that. But that was 24 per cent upon the original capital, without rest, without reserves being taken into account; and as rest was not taken into account at all, it is open to question whether that is a fair basis. If a financial institution has been operating over a long period and has made profits in previous years and has a large rest fund, then, to take the earnings upon original capital, which may have been invested fifty years ago, is not a very sound test as to the earnings of the money actually employed in the business.

Mr. J. A. ROSS (Souris): This price ceiling order in council is a great experiment, and, as has been said, will be a matter of trial and error, but I think the minister should have the cooperation of the general public in working it out. At page 4155 of *Hansard* the minister is reported as saying:

> . . . we could never have imposed a price ceiling until we had given agricultural prices a chance to rise. Agricultural prices were very low before the war; I do not dispute that for a moment. But on the basis of percentages there has been a tremendous increase in everything except wheat. I am going to give some percentages, and I want it clearly understood that I am not expressing approval of the level of agricultural prices in August, 1939.

I wish to put on record some figures as to prices in August, 1939 and September, 1941. This government has for several purposes connected with the prosecution of the war used the basis of 1926-29 for organized labour and industry. To use the same basis for agricultural prices gives an entirely different picture in the circumstances in which we find ourselves to-day. I quote figures for that time also:

	1926-29	Aug., 1939	Sept., 1941
Wheat, Fort William..	1·417	0·549	0·726
Oats, Fort William....	0·603	0·273	0·493
Barley, Fort William..	0·716	0·323	0·526
Rye, Fort William....	0·971	0·376	0·547
Butcher steers, Toronto	9·04	6·37	8·79
Bacon hogs, Toronto...	11·01	7·85	10·99
Creamery butter, Montreal	0·382	0·215	0·344
Eggs, Montreal.....	0·482	0·318	0·394

There is a very great discrepancy in these prices, and on any basis of equality with organized labour and industry it places agriculture away down the list. True, something has been done in the way of an acreage bonus, but that does not begin to make the necessary adjustment.

I have here an article from the Toronto *Globe and Mail* of Tuesday the 11th instant, quoting the Searle index. It says:

Searle Grain Company makes the following points:

United States government has adopted the principle of 1913-14 parity, which means that agricultural products should have the same purchasing power now over the things that farmers have to buy as they had in 1913-14.

For wheat in the United States to be at the 1913-14 parity would require a price of approximately $1.22 in store Chicago. To-day May wheat, Chicago, is actually $1.19 a bushel.

For Canadian wheat to be at 1913-14 parity would similarly require a price of about $1.20 for No. 1 northern in store Fort William. To-day No. 1 northern in Fort William is 72⅞ cents a bushel.

A maximum of 223 million bushels has been set for the amount of wheat that western farmers are permitted to deliver during this present crop year.

In order to narrow somewhat the wide gap that exists between the farmers' low income from wheat and the high cost of the things that farmers have to buy, the government has given wheat growers certain bonuses which we estimate amount to 52 million dollars. (An additional 8 million dollars to farmers who grow grain other than wheat.)

Including these government bonuses the total income from wheat during this present crop year will amount to about 152 million dollars as compared with 234 million dollars revenue from wheat last year, and 441 million dollars in 1928.

This is that original basis of which we spoke.

Certainly I think the great mass of the agricultural population must receive some further consideration to put them on a basis of equality with organized labour and industry, and while, as I stated, I think the minister should have the cooperation of all the people of the country, certainly this will have to be equalized in some manner.

Mr. NEILL: It is one of the disadvantages of the system we have adopted in this committee that it is the right and privilege of every one of us to talk, as regards the particular minister whose policies are under debate, on any phase of his activities. The result is that twenty men all want to talk about different subjects, and it produces an awful lack of coherence. If the chairman had authority, once a subject is introduced, to have it threshed out and then, so to speak, pass that item, we would get along much better.

We started this evening, when there were not very many hon. members present, with a statement from the minister that he would like to hear hon. members state their views on the question of a condition which compels retailers to sell at a price lower than they are paying wholesale now, because that is what it amounts to. The minister invited expressions of opinion, but only three hon. members have spoken on that. Going back to that feature for a moment, I think the minister indicated that when he heard our views he would take them into consideration. It seems such a simple matter that for the good of the project which we all hope will be a success, namely this price restriction policy, it would almost seem impossible to have it said that a very considerable body of people are compelled to sell goods for less than what they pay for them and carry their overhead as well, which generally runs to from fifteen to twenty-five per cent. It is obvious that this is not desirable. Suppose we carry it far enough and put them out of business. Some people have the same regard for retailers as hon. members in the far corner have for banks; they think they are very bad, but we cannot do without them, and to put them out of business would be a disadvantage.

An. hon. MEMBER: They serve a useful purpose.

Mr. NEILL: They serve a useful purpose. It will hurt the success of the scheme if it is demonstrated that a certain class of people are compelled to sell for less than they pay, and these men who have written to me show, without any trouble, that to be the situation.

While I have the floor I wish to put another situation before the minister. I do not quite know how he comes to have control of this matter, but in these days one is liable to find any department under any minister. I rang up a department yesterday and asked the young lady what minister a certain branch came under, and she courteously said she did not know but she would find out. Half an hour later she told me it was under a totally different minister from the one I anticipated—which information I afterwards found to be wrong.

The minister has become heir in some way to the war-time prices and trade board, which board is responsible for the prohibition of the export from British Columbia of dogfish and soupfin sharks' livers. It has been the subject of a brief presented by the fishermen; no doubt he has seen it. To put it as shortly as possible, the board have put a prohibition on the export of these livers to the United States market. Apparently the custom was, in the early part of the war, to send them to the United States to be processed, on the understanding that the product would find its way to Britain where it is badly needed; it is a valuable source of vitamins. There was possibly some idea that

this was not being done, that it was being retained in the United States, where they also have a shortage. At any rate the board put on an embargo.

The result from the fisherman's point of view is this. The price being paid by United States buyers to United States fishermen for dogfish livers is about 44 cents a pound, and for the soupfin sharks' livers, about $8 a pound, while the price to the Canadian fishermen for dogfish livers is about 11 cents a pound in the Vancouver area and for soupfin sharks' livers, between $2 and $3 a pound. They say the board has informed them that the embargo is temporary and may be lifted in the future. The result will be that the dealers who have been buying these commodities in British Columbia will make an enormous profit, and the fishermen will be out the difference between 11 and 44 cents. They suggest one or two remedies: either lift the embargo, or allow clearance for Canadian vessels so that they can fish in the same areas and take the catch to the United States, or that the government should buy this stuff at United States market prices.

It does appear to be one of those cases which call for recognition of the fact that when a man has produced or caught or grown something, he should be permitted to market it to the best advantage. The difference in price is due entirely to this embargo; in other words, our fishermen are suffering as a consequence of this step having been taken. It may be argued that it is necessary to retain this in Canada so that it may find its way to Britain; but we have only two small plants in British Columbia handling this article, one in Prince Rupert and, I think, two in Vancouver; they are processing it only to what might be called a minor extent, I believe ultimately it has to be sent east before the process can be completed.

These fishermen have made out a good case from their point of view. They say it is not fair that they should be the goats to such an enormous extent. Of course we know this is war time and we must protect ourselves and the British nation; but the idea seems to be that it is going to Britain anyway, that the embargo is going to be lifted shortly, and in the meantime these men who have been buying it up in British Columbia will reap an enormous profit. Therefore I should like the minister at least to promise to look into the matter, which is rather complicated. If he will study the brief he will see the argument they have put forward. This seems to be a fairly genuine case, and I believe the fishermen are entitled to the very best price the market will provide.

[Mr. Neill.]

Mr. ILSLEY: I read over the brief last night, and I have sent for some information with regard to it. There are some things about the brief which I do not understand, and in order to understand it I require some information from the war-time prices and trade board, which I have not received as yet. I will look into the situation.

Mr. T. L. CHURCH (Broadview): For a few moments I should like to refer to one or two features of the public policy of the Minister of Finance which have developed since the house met last June. Last night St. Paul's hall in Yorkville, where Hon. Alexander Mackenzie, a former finance minister, used to speak, was destroyed by fire. It was in the Prime Minister's old constituency of York East, and where he used the phrase, "I had to sleep on the strong-box." It seems to me that since the war started, many of the old policies of the Liberal party have been gradually discarded in favour of national socialism. We had a victory loan not long ago, with a great flourish of trumpets and the usual posters, billboards, full-page advertisements, military parades, bands and so on, which, according to a return brought down by the minister, yielded almost $900,000,000. It cost eight and a quarter million to put over. In that return, however, the minister forgot to include the cost of the troops, a huge sum all over Canada, who were used for publicity stunts at a time when they should have been training for active service. They are used also from time to time in the war savings certificates campaign, and I protest against that sort of thing.

There is no coordination between the various government departments. The minister is taking twice as much money as he should take from the pockets of the people in these victory loans, and in maintenance charges, in income tax and all the rest of it. I believe the victory loan cost the government too much, and at the same time I believe the rate of interest is not what it should be.

When parliament adjourned last June the government said they would take up with the government at Washington the possibility of applying lease-lend act to the understanding reached at Ogdensburg as it applied to Canada. They also said that during the adjournment an attempt would be made to see if the exchange regulations could not be eased a little, particularly with regard to amounts not exceeding $100, for the tourist trade. Now, after nearly four months, we find that nothing at all has been done to

ease exchange or to allow Canada to come under the lease-lend act for part of its work of home defence.

I have charged that the minister is taking too much money out of the pockets of the taxpayers. Almost 45 per cent of the money he is spending on home defence could and should come under the lease-lend act, because that money is being spent to protect Canada's neutrality in case the United States is attacked by a foreign power, and is for America's defence. That is the basis of our whole defence policy. No effort has been made, apparently, to point out to the government of the United States that Canada is spending these huge sums of money on what is called home defence. Actually there is no such thing as home defence; it will not amount to a snap of one's fingers in defeating Hitler. We spend all that money jointly to aid America as part of its first line of defence were she attacked.

As I pointed out last June when discussing this department of the government, there is no coordination between the various departments. They seem to be able to spend as much money as they like and spend money like water. Where is the auditor general with his vast power? Every department has its own auditors. The auditor general is not fulfilling his functions under the Audit Act. What is the matter with the treasury board that it allows these huge expenditures? Not long ago we had the Minister of Agriculture announcing a policy which will cost the country over $100,000,000, and which is to be brought into operation by order in council. That money has to be found somewhere, and a large part of it will come from the income tax. The small taxpayer, who has to pay real estate taxes, interest on mortgages, insurance, and all that sort of thing, simply is not able to carry the load because he is taxed to death. Now that the government is taking so much more out of his pocket, with his fixed income he finds it almost impossible to carry on. I had hoped that during the adjournment the minister might work out with the treasury board some way of eliminating a great many of these expenditures, because, when all is said and done, a great deal of the money the minister is collecting for home defence will never be used to defeat the enemy. It seems that the various departments do not have to apply to the minister when they want to spend money. They simply say they are going to spend it, and it is spent. The Minister of Munitions and Supply goes ahead with a policy costing millions of dollars. He does not know how it is going to be financed and neither does anyone else. Then we have the Department of National War Services, which never should have been created, which does its work in a very roundabout way, duplicating the defence departments.

My principal point is that all the departments spending money should be brought under the control of the Minister of Finance and the auditor general. In the olden days that was the situation. I have referred to one minister of finance, Hon. Alexander Mackenzie. In the old days there was some control; we had an auditor general, Mr. McDougall, who checked up on all these expenditures before a dollar was released by the finance department. There should be some central authority for all these commitments. In England it took nearly two hundred years of civil war before parliament obtained control over expenditures in peace and war alike. Now we are losing that control; we are here to-day and away tomorrow, and in the recess every minister just goes to work and spends money like water. Not by the widest stretch of the imagination could some of these expenditures be said to be for war purposes. As I have pointed out already, they are very largely for home defence, and home defence will never win this war.

In conclusion I should like to mention a matter which the minister promised to look into during the recess, because it reacts severely on soldiers and civilians alike. I refer to the question of a national moratorium on mortgages for soldiers and civilians. When I brought up the question last week, the minister replied that it was a matter of policy. I think it is about time he came down out of the clouds and obtained some control over these shark loan companies, some of which charge soldiers and others 200 per cent interest, as well as over the departments of this government that are spending so much of the money of the taxpayers.

I believe the greater part by far of the Conservative vote of this country comes from the working classes, who are paying a great share of the taxes being collected by the minister. I am one of those Conservatives who do not believe in the nationalization of our industries or of the means of production. Neither do I believe in collectivization or many of these other social doctrines which have been taken up by the Liberal party and have been expressed by the government since we met last June. It will lead eventually to the abolition of all private property once the government, through its many boards, abolish all private enterprise and thrift and retail and wholesale business with all these artificial barriers and burdens. I do not believe, once the government, through its boards and officials, control everything, we

shall be better off. Nobody knows what expense has been entailed by the appointment of these various boards, and these dollar-a-year men. We have never had a return setting out the expense accounts of them all. More than that, the government's policy seems to be that a board a day keeps Hitler away. That would seem to be what is contained in the statement made to the house by the Minister of Finance, and it adds little or nothing to the war effort.

What has been the result? Hordes of civil servants and other government officials have been going round the country, and they are making a sad mess of the affairs entrusted to them and of business and private enterprise. It is high time that this house exercised its function, and put a stop to some of the things these people are doing, because they will go much farther during the recess of parliament.

Under this policy of nationalization everybody will be working for the government, the land owner will disappear and the farmer become a paid official, if the programme is carried out to its logical conclusion. Large sums of money have been spent in the name of socialism—because that is all it is. If it is allowed to continue, and if it is carried out to its logical conclusion there will be great danger, and it will nationalize the means of production, the manufacturers and the banks. Why do our opposition not oppose it? I believe a certain ceiling of prices is necessary, if regulated.

It would seem that the government hope by taxation so to discourage the owners of land that they will be willing to abandon their properties on any terms. That is the way the statements from the Department of Finance must be considered. They hope that in the end the farmer will go out of business, the land owner will become desperate, and the whole country will be under socialism. As a member of the opposition I object to the fact that this vast life and death contest, this great war we are in, is being used as a means for bringing state socialism on a huge scale to Canada. I wonder why the opposition fall for it, and why they do not raise more objection to the inequality of it. Thrift, and the hereditary principles upon which this country has become great will have passed away, while this is taking place. I should hope that in the recess of parliament the Minister of Finance would assert his rights and prerogatives, and see to it that there is some coordination and central check in respect of these expenditures, and so reduce his budgets with a large share to capital and not so much to income.

[Mr. Church.]

Not only have we the boards I have indicated, but we have a joint defence board. It is binding Canada for the next hundred years, and doing it over the head of this parliament. Things are being done by it to which agreement has never been given by the House of Commons.

What is this lease-lend act? It is just what the chairman of the United States Senate has said. It is lease and lend, and he quoted Mr. Coolidge that they are simply hiring out money to Canada, for what? Canada is financing munitions for England. There will be a day of reckoning, and they will make a demand on Canada for payment under the lease-lend act. It will be pointed out that there must be so much from Canada for this war. They will not be satisfied in Washington with payment by old, obsolete ships, but will want gold, because the United States have nearly all the gold in the world.

This opposition is not doing its duty unless it asserts the Conservative principle of conducting this war on a proper basis. It may be necessary to do some price fixing, and if properly administered that would do no harm. But it should be done only to a limited extent, and certainly not to the extent to which the minister has gone.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Chairman, there are a few observations I intend to make respecting the matter of the ceiling on prices. I believe we all agree that the minister made a most able presentation when he placed before the house and country the order in council. It constitutes the greatest single act of regimentation that has ever been introduced in this country. Similar action has become necessary in various parts of the world. A similar type of legislation was introduced in Australia on October 8, 1939, freezing the prices as at August 31 of that year. While the principle is that of controlling the operation of the economic laws, nevertheless it has worked out in that country with a reasonable degree of success.

The information I have with regard to Australia shows that in consequence of price fixing in that country, the increase in prices of foods and groceries from the outbreak of the war until October 1, 1941, was about 3 per cent compared with an increase of over 40 per cent in the same period of the last war. For the cost of living as a whole, including rent, clothing and miscellaneous items, the increase since the outbreak of this war has been 8·6 per cent compared with over 30 per cent in the corresponding period of the last war, and wholesale prices in this

war have increased by approximately 15 per cent compared with over 50 per cent in the same period of the last war.

As far as the principle is concerned, I think one and all are agreed that in the interests of preventing inflation some such legislation should be introduced. But I do not agree with the minister when he contends that the proper way in which to introduce it is by order in council. He says it would have been dangerous to have the date fixed by parliament, on account of the probability of evasion being practised. To guard against such a possibility, an order in council could have been passed fixing the date when the legislation would go into effect, before the legislation was brought before parliament. Then parliament would have been in a position, with legislation before it, for the members to discuss each and every clause, each and every section, and, through debate, suggest necessary changes.

It is hard to conceive the reason the government had in calling parliament together when only two days before the opening of parliament, through an order in council the most drastic regimentation ever applied in Canada was brought into being. Was parliament not to be trusted? Could parliament not be trusted to debate the matter, point by point, if the legislation was introduced in the ordinary way? The minister says, "Well, the government could not tell just how long parliament would argue." The date fixed, namely, November 17 as the original date for the application of the order in council, and now postponed to December 1, was far enough in advance to have permitted full debate.

If this matter had been brought before parliament, there would have been a real justification for the calling of this session. We could have considered such a measure item by item. I remember well that last spring when the Minister of Agriculture introduced his order in council with respect to summer-fallowing he introduced the regulations one day, and amended them before the print was quite dry. Then a new set of regulations was presented; then he added a further amended set, and finally issued a revised edition, all because the terms had not been clarified by debate. Why did the government not place this matter before parliament and give the members of the house an opportunity to discuss the several items clause by clause? I should like now to refer to one particular clause which I think is most dangerous. Section 8 reads:

> Nothing contained in these regulations shall be deemed to supersede any provision of any order heretofore made by the board or to derogate from any power conferred on the board by the war-time prices and trade regulations and—

This is what I object to:

> —without restricting the generality of this provision, the board, in its discretion, may vary any maximum price, may prescribe other or additional terms or conditions of sale, may exempt any person or any goods or services or any transaction wholly or partly from the provisions of these regulations.

That is a terrific power to place in the hands of any board, giving it the power to discriminate between individuals.

Mr. ILSLEY: It is necessary to meet the kind of cases mentioned by the hon. member for Yale (Mr. Stirling) and the hon. member for Comox-Alberni (Mr. Neill) among others.

Mr. DIEFENBAKER: It may cover those cases, but it goes further than that. I repeat: It permits this board to exempt any person. I suggest that if such a section was necessary to cover such cases as have been mentioned, an additional provision should have been added to the section providing that all such exemptions shall be placed before parliament immediately or be published in the *Canada Gazette*, to the end that the dangers inherent in that type of legislation would be obviated. I suggest such an additional provision for the minister's consideration so that any exemptions would be recorded in a public way immediately, thus avoiding any possibility of discrimination.

The minister quoted with approval from the evidence given by Mr. Baruch before the house banking and currency committee at Washington on September 19 last. I have those representations before me, and I should like to ask the minister some questions arising therefrom. Mr. Baruch said:

> As a matter of basic principle, a price control law should make no exceptions. All citizens should be treated alike as part of one nation joined in a great emergency and every segment of our economy, agriculture, labour, business, should be treated as parts of a single, living, sensitive organism.

Further on he says this:

> Prices, rents, wages, commission fees, interest rates—in short, the price of every item of commerce or service—would not be permitted to rise above the maximum on that date. They could fluctuate below this ceiling.

What control is there going to be over commission fees, interest rates and so on? I do not know whether I read the order in council aright, but I can find no reference to interest rates.

Mr. ILSLEY: That is correct.

Mr. DIEFENBAKER: Nor to commissions. The minister mentioned in his speech that it was the intention of the government to place

a ceiling upon all managerial and executive salaries, directors' fees, et cetera, and that in a few days he would be in a position to announce that policy. I ask him to make that announcement while parliament is in session.

The hon. member for Souris (Mr. Ross) dealt with agriculture and the prices that prevailed between 1926 and 1929. Mr. Baruch in his presentation before the United States house committee dealt with agriculture. When the minister quoted with approval from Mr. Baruch's presentation he failed to place before the committee the representations made by that gentleman in connection with agriculture. Mr. Baruch said:

> The over-all ceiling does not mean that the producers of agricultural commodities or labour would get less. If the cost of all things were kept down, they might get more.

And further on:

> Agricultural prices and probably wages will fall further than other prices—they always do.

He is referring to the period after the war.

> The ceiling for agricultural prices can be set at "parity" which has become an accepted principle and this same "parity" relationship can be retained after the war. Thus agriculture could shift from war to peace with a minimum of dislocation.

The Minister of Finance admitted quite frankly that he could not do very much for agriculture, that he was unable to bring this order in council into effect at an earlier date because he had to wait until agricultural prices had risen to a reasonable level. What about wheat? As was pointed out by one hon. member this evening, in consequence of a question asked of the Minister of Finance the farmer will receive a price not exceeding 77 cents a bushel on the domestic market. We are not dealing with prices abroad at the moment. That is the maximum price he can get, but that is not a parity price. In his presentation before the United States committee Mr. Baruch said that the farmer should get a parity price. What is the wheat farmer's position? I notice the Minister of Agriculture (Mr. Gardiner) is present, and I should like to have his reply to this question. How can he justify the position which he took the other day in a radio speech when he endeavoured to show that the western farmer was getting a price of from 90 cents to $1 a bushel?

Mr. GARDINER: Does the hon. member want me to repeat the radio speech?

Mr. DIEFENBAKER: If that is all that is repeated, there will be very little enlightenment on the subject. The minister said that the bonus of 75 cents an acre announced recently was an income, and by adding the other bonuses already in existence the farmer would be receiving a price of 90 cents to $1 a bushel for wheat.

Mr. GARDINER: I did not use the word "price" in dealing with that matter in the radio speech.

Mr. DIEFENBAKER: Advance.

Mr. GARDINER: Income.

Mr. DIEFENBAKER: By taking the income and dividing it by the number of bushels, the minister ultimately arrived at 90 cents to $1 a bushel.

Mr. GARDINER: I did not arrive at a price at all; I arrived at an average income.

Mr. DIEFENBAKER: I do not think any farmer listening to that radio address was convinced that his income had risen to a level ensuring a price or an income of from 90 cents to $1 a bushel. The bonus is commendable as far as it goes; it is a nice gesture, and it will mean a considerable income to western Canada, but it does not give the wheat farmer any large additional income; it does not place him on a parity basis.

Mr. GARDINER: It gives them an income of $160,000,000.

Mr. DIEFENBAKER: Possibly the minister will be able to establish that when he gets his opportunity. I do know that the position in western Canada is this: The farmer depends mainly upon wheat; the cost of living has gone up 14·8 per cent since the beginning of the war while the price of wheat is little higher than it was at the outbreak of the war. He is poorer to-day, as far as his return is concerned, than he was at the outbreak of the war.

Mr. ILSLEY: His main sales are export sales.

Mr. DIEFENBAKER: I am dealing with parity prices. In the United States parity prices are domestic prices, and the farmer there is receiving $1.17 or thereabouts a bushel.

Mr. ILSLEY: For information, would the hon. member explain what he means by the term "parity prices" in Canada? It has a statutory meaning in the United States and relates to a specific period, but in Canada it means whatever the person using it means by it, and I want to know what the hon. gentleman means by it.

Mr. DIEFENBAKER: The term "parity prices" has a definite meaning by legislation in the United States.

Mr. ILSLEY: Right.

Mr. DIEFENBAKER: The term "parity prices" is used in Canada to indicate that the farmer receives equivalent purchasing power for what he produces compared with a certain other period.

Mr. ILSLEY: And to what period is the hon. member referring?

Mr. DIEFENBAKER: I am dealing with the present period, and to-day the return which the farmer receives for his wheat is down to a level a little higher than it was at the outbreak of war, while the price of the commodities that he purchases, by reason of the increases in the cost of living since the beginning of the war is on a considerably higher level. In other words, the farmer is in the position where he has not the purchasing power with the wheat he produces that he had at the beginning of the war.

Mr. ILSLEY: The question I was putting to the hon. gentleman was this. He has been using the term "parity prices," which as he says and as I said has a definite, specific, statutory meaning in the United States, where it is related to some previous period. The hon. member for Souris seemed to be relating it to 1926-29, either the highest price or the average price during that period, and I was seeking to learn from the hon. gentleman what he meant.

Mr. ROSS (Souris): The average price for the same period which was used with reference to wages.

Mr. ILSLEY: The present order in council does not make any reference to 1926-29. I was just asking for information, what period the hon. member for Lake Centre was talking about.

Mr. DIEFENBAKER: I have given my answer. I think the minister will agree that the freezing of the price of wheat to the level prevailing between September 15 and October 11 is detrimental to the welfare of the wheat producer, and I ask that consideration be given to fixing a price ceiling for wheat higher than the price prevailing between the dates mentioned.

Mr. ILSLEY: Consideration will be given to all questions like that as the policy develops, but I do not think there is any immediate prospect of wheat going higher than seventy-seven cents on the market in Canada, is there?

Mr. P. E. WRIGHT (Melfort): Mr. Chairman, from various ministers we had a comprehensive review of the activities of the government. Some of the government's accomplishments have been very satisfactory while others have not been so impressive, at least to some of us. From the Minister of Munitions and Supply (Mr. Howe) we have had figures of the production of small arms and explosives that were very good, but this war is not likely to be won by small arms but rather with tanks, aeroplanes, ships and heavy ordnance, but as yet, after twenty-seven months of war, our production of these arms is not so satisfactory.

It seems to me that the government should have cut out civilian spending at a much earlier date than they did. According to the bureau of statistics, in the month of September, 1941, we were spending one million dollars more on cars and trucks for civilian use in Canada than we did in the corresponding month in 1940. Yet the minister of munitions admits that we are in need of the steel for use in our shipyards. It seems to many of us that the government is following very much the same policy as it did in peace time; that is, doing nothing until forced to it by pressure of public opinion.

Public opinion in Canada to-day with regard to our war effort is much ahead of the government. I believe that the great majority of our people are prepared to see complete mobilization of our whole wealth and resources, both material and human, for an all-out war effort, and the government has had various representations made to it to that effect by various organizations across the country. The Canadian Legion made one of the most comprehensive recommendations yet made to the government, and I personally believe that it is one which the government would do well to follow. It seems to me that in Canada to-day, instead of having an all-out war effort we are still using the wasteful methods of the voluntary approach. We are spending on advertising and salesmanship, for instance, money which could be much better spent on war materials. In every paper we see pages of advertising trying to sell the people of Canada luxury goods. On other pages will be seen advertising by the government asking people not to spend money on luxuries. On yet another page will be seen an advertisement by the Department of National War Services urging the people to save the very paper in which we are contradicting ourselves. These things seem very contradictory to the man on the street. Surely we cannot call that an all-out war effort?

During the summer I have heard many expressions like this while travelling through Saskatchewan: "Why should I buy war savings certificates and save gas? The government will only use the money to hire another inspector and buy him gas to drive round." That is not the spirit that is going to win this war.

I think remarks like that were made largely by reason of the appointment of great numbers of inspectors under the acreage bonus scheme. During the last sitting of the house the Minister of Agriculture (Mr. Gardiner), when he introduced this scheme, told us that they would probably use the inspectors they had working under the Prairie Farm Assistance Act, approximately one hundred, and it might be necessary, he said, to hire an additional twenty-five inspectors. As a matter of fact, however, we have inspectors for every municipality in Saskatchewan, and there are over three hundred, and inspectors I believe for every local improvement district in the province. That applies, I believe, also to Alberta and Manitoba.

When this government have demonstrated by definite action that they are prepared to mobilize the wealth and resources and manufacturing capacity of Canada for an all-out war effort without profit to anyone, they need have no fear about the mobilization of the human resources of this country. If we are to have an all-out war effort, which is the objective of all members of this house, we must have in Canada much greater equality of sacrifice than we have at the present time. This year we floated in Canada one of the largest war loans in our history. Before launching the campaign the Minister of Finance did what I think was a wise thing. He called together some of the best financial experts in the country and business men with a nation-wide reputation, and they laid down plans for the campaign. They allotted quotas for the various provinces. The quota for Saskatchewan was, I believe, some $8,000,000, and for Ontario some $300,000,000. The population of Saskatchewan was between 900,000 and 1,000,000 and the population of Ontario about 3,000,000. These people realize where the wealth of this country lies. As a matter of fact, there were several companies in this country, I believe, each of which was able to subscribe more to our war loan than the quota allotted to a million people in Saskatchewan.

Mr. HANSON (York-Sunbury): May I ask the hon. member this question: Are they not the big insurance companies, which represent hundreds of thousands of policyholders, whose money it is?

Mr. WRIGHT: Some of them were. Some of them were mining companies engaged in operating and exploiting the natural resources of this country. I believe the McIntyre mine was able to subscribe some $5,000,000 to our war loan. Certainly that did not come out of the small policyholder.

Mr. ILSLEY: If I may interrupt, my recollection is that the insurance companies subscribed for $120,000,000 worth of bonds.

Mr. JOHNSTON (Bow River): Did they resell the bonds afterwards? Did the minister say?

Mr. ILSLEY: I did not say, because I do not know that. I would be astonished if they had. Some may have been sold, not very much, I think.

Mr. WRIGHT: It still remains a fact that these people realized that Saskatchewan, containing a million people, could afford to raise only $8,000,000 because in that province we are engaged largely in agriculture, and agriculture during the last ten years has been the most poorly paid industry in this country. The leader of the opposition stated that it was the insurance companies which were taking out the most of these loans. As a matter of fact, I saw a report in the paper yesterday that the profits in the first nine months of this year of the International Nickel company were $25,000,000, and they had listed among their assets some $32,000,000 of treasury bills and securities. That is more than is held, I believe, by the million people in Saskatchewan. I cannot agree that there is any equality of sacrifice in this country while these conditions prevail. I believe that if, at the beginning of this war, the government had taken over every resource in Canada and had then called in the best brains of this country to plan intelligently their very best use, without regard to any private interest or advantage to any section or class in this country, we would have had a very much more effective war effort.

It seems to many of us that the war effort has been held up by the refusal of industry, in many instances, to expand their plants beyond a capacity which they believe could be economically used in peace time. After unnecessary delay, the government have had to provide the capital for the additional expansion which they require. Industry has been given charge of the building and the operation of it, and, upon the minister's own statement, has received the assurance that the use of this additional plant and equipment will be abandoned by the government after the war is over. It seems to me that if the government wish to raise money in this country to build these plants and their equipment, one of the best methods they could use would be to assure the people that when the war is over, this additional plant and equipment which the people have built and paid for will be used to produce the goods which at the present time we are being asked to do without. We

could thus produce those goods and sell them to the people at a price which they could afford to pay. The government would get all the money they wanted if they would give the people that assurance.

I agree with the minister that it is necessary to prevent unlimited inflation. Nobody in this country believes in unlimited inflation. I do not agree, however, that the method which the minister has adopted is the best one. Rather, I believe that, before issuing the regulations, he should have consulted the people who are going to be most affected by this legislation. As far as labour is concerned, I understand that they were called in some forty-eight hours before the order in council was issued, and shown those regulations. As far as agriculture is concerned, they have not been consulted to this day. We have in the city of Ottawa here an office of the Canadian Federation of Agriculture, established here for the very purpose that they may be in contact with the government and able to give advice to the government with regard to agricultural matters. As far as this government are concerned, that office might as well be in Timbuctoo as in Ottawa. They have not used it; they have not consulted with agriculture, and they did not consult with agriculture with regard to these price-fixing regulations.

Mr. GARDINER: Mr. Chairman, I can hardly let that pass without any remark at all. As a matter of fact, they have taken up at least three-quarters of a day of my time this week, from that office. They have been consulting—

Mr. WRIGHT: Yes, after the regulations have already been issued. But before these regulations were issued, the office of the Canadian Federation of Agriculture was not consulted.

Mr. GARDINER: The national federation of agriculture were here in September discussing the matter with the war-time prices and trade board.

Mr. PERLEY: What reply did they get?

Mr. WRIGHT: But these regulations were not discussed at that time with the Canadian Federation of Agriculture.

Mr. GARDINER: The possibility of setting a ceiling to the price was discussed.

Mr. DOUGLAS (Weyburn): Mr. H. H. Hannam, president of the Canadian Federation of Agriculture, gave a statement to the press on Monday morning, following the Prime Minister's statement over the radio, in which he said the federation had never been consulted.

Mr. GARDINER: I am not discussing what Mr. Hannam said. I said Mr. Hannam and the secretary of the federation were here and discussed with the members of the board in September the matter of a ceiling for prices.

Mr. DOUGLAS (Weyburn): But not to discuss these regulations.

Mr. GARDINER: These regulations would not be discussed with any organization.

Mr. DOUGLAS (Weyburn): That is the point.

Mr. WRIGHT: That is the very point I wanted to bring out. These people represent organized agriculture not only here but over this whole dominion, and I believe that the government would have been well advised to consult them on problems of agriculture more than they are doing at the present time.

Mr. GARDINER: Might I suggest, was there any organization they were placed before? My hon. friend is trying to indicate that agriculture was discriminated against. Were they placed before any organization?

Mr. WRIGHT: I do not know of any organization they were placed before. Evidently they were the government's own baby.

I should like to take up a little time with reference to the government's policy regarding agriculture. It seems to me that it is about as broad in its vision as the height of the minister who conceived it. Under this order in council P.C. 8527, prices are fixed at levels which have no relationship to the cost of production. In every other industry engaged in the production of goods for war purposes not only are these costs allowed, but a profit as well. I have in my hands a copy of the *Economic Annalist* for October, 1941, issued by the Department of Agriculture under the authority of the Hon. James G. Gardiner. It shows that, using 1926 as a base of 100, the price of farm products in August of this year stood at 72·1. Field products, of which approximately 75 per cent of the income of the western farmer consists, stood at 56·7, while farm living costs were represented by the figure 112·3. Now, according to the fall index of the cost of living, this figure has risen to 116.

I should like to give the committee the average prices of grain as compiled by the marketing branch of the Department of Agriculture, for 1926-29, compared with September, 1941:

No. 1 wheat

The average price for No. 1 wheat, basis Fort William for 1926-29....	$1.41
September, 1941.....	.72

The highest price to which it can rise under these price regulations is 77·3 cents. Other prices were as follows:

	1926-29	1941
Oats, 2 c.w.	.60	.49
Barley	.71	.52
Flax	$2.09	$1.55

This represents a drop of approximately 50 per cent. In 1926 it took 230 bushels of wheat to buy a binder; in 1941 it takes 700 bushels. In 1926-29 it took 700 bushels of oats; in 1941 it takes 900 bushels. In 1926-29 it took 610 bushels of No. 1 feed barley; in 1941 it takes 920 bushels. These are the prices at which the minister is proposing to fix agricultural products, at a time when their buying power as represented by what the farmer can buy machinery for is entirely out of line.

Not only that, but these regulations do not fix the prices of farm machinery. One of the most important items of farm machinery is the tractor. Tractors are imported one hundred per cent. If the price of these tractors in the United States goes up, the farmer here has to pay the increased price. Since the outbreak of the war, the price has already risen by about 25 per cent. If agriculture in Canada had been in a prosperous condition prior to the war, it might have been possible to carry on for a short time at these prices, but unfortunately this was not the situation. According to the Sirois report the average farm income for Saskatchewan for the four years prior to the war was, in cash, $102. If we take into consideration cash and kind, that is making allowance for the produce that the farmer uses from his own farm and rent for the house he lives in, it was $291. The fact is therefore, that agriculture to-day in practically every part of Canada is in a serious position, and in western Canada in a desperate position. The income of the grain growers has been drastically reduced. I know the Minister of Agriculture may produce figures to show that this situation is perhaps not as serious as some of us represent it to be. It may not be to the minister, who has a salary to live on as well as his farm, but I know the people of Saskatchewan, I know the conditions under which they are living, and I know those conditions are serious.

I should like, in proof of that statement, to give some cases which have come to my attention during the year. May I say that my constituency is one of the best in Saskatchewan, one in which we have never had a crop failure, have always had good crops, and in which a considerable part of our income is derived from dairy products and live stock, not all grain. This summer I went into one of the districts in which people from the southern part of the province have been re-established. I went to the chairman of the school board and questioned him regarding the school in that district. He told me they had built a new school there the year before. He showed me the register. That register showed that there were seventy-five children of school age in the district. They built the little schoolhouse themselves out of logs and made their own desks and blackboard. I asked him how many children were attending, and he told me that during the summer months they had an average attendance of about fifty, but during the winter the attendance had dropped to twenty-five. I asked why. Well, he said, the clothing allowance to the people of that district during the last winter had been $5 a head, a family of seven receiving an allowance of $35 on which to clothe the family for the year. Because of that the children could not attend school; the parents could afford to dress only a few of the brighter ones and send them. I asked what salary they were paying the teacher. He said that his own daughter was doing the teaching, that they had promised her $700 a year, the minimum set by the Saskatchewan government, but they had been able to pay her only $350 and had given her a note for the rest. To-day that school is closed, and in the constituency which I represent there are from three hundred to five hundred children who will not be able to attend school this winter owing to lack of clothing or because the school is closed by reason of its being impossible to pay the teacher's salary. The secretary of the teachers' federation in Saskatchewan made the statement that he believes that during this winter there will be probably two hundred such schools closed in Saskatchewan simply because the agricultural income in that province is not sufficient to maintain the educational facilities we should have.

Another instance I should like to relate has to do with the question of medical attention. In many districts in Saskatchewan we have no medical attention; people are thirty to fifty miles from the nearest doctor. This instance came to my attention this summer. In one of the reestablishment blocks, a mother was taken ill. In order to get her to a hospital the husband had first to see the relief officer. To do that, he had to travel some thirty miles. He went, got the order, came back, started to take the woman to the hospital, some thirty-five miles distant. They could not get in with a car. This woman was the mother of ten children and was expecting another child. He loaded her in a wagon and started to take her out to where a car could be obtained. She took sick on the way; he

had to take her out on the side of the road, make a bed with some sheaves, the child was born there; he had to go home, get a manure boat with which he cleaned out his barn and take her back home on that manure boat. The child died; the mother is a cripple for life. In a country like Canada with our wealth and resources things like that are a disgrace. That is not an isolated instance. These conditions are a direct result of the prices that agriculture has been receiving in the prairie provinces for its products for the past ten years.

Mr. WHITE: You do not have to go to the prairies for that; we have it in Ontario.

Mr. WRIGHT: So much the worse. The present policy of the government with regard to the prices of grain is simply placing the grain growing industry of this dominion on relief. In effect, it says to western Canada: "You produce grain at less than cost. We know you cannot continue to do it, so to keep you from starving we will give you relief in the form of acreage bonus or summer-fallow bonus."

I have never believed in relief; I have always believed that the work and wage programme is to be preferred. We in this group were called visionaries in the years prior to the war when we suggested such a programme. We were told it was impracticable, "Where would the money come from?" That sounds rather flat to-day, and I suggest that the present position of the government with regard to agriculture is just as weak. Agriculture does not want relief; what it wants is just what is being given to every other industry in this country, namely, a fair price for its products which will allow it to live and produce the food required for ourselves and for Great Britain in the increasing quantities that she desires. A price for our products in line with the costs we have to pay is essential to efficiency and increased production. Setting a maximum price below that point will certainly lead to decreased production.

In 1926-29 the average price for No. 1 butter, basis Montreal, was thirty-eight cents. The average for the past year was considerably below that. Setting the price of butter last year at a level below the cost of production resulted in an increase in the export of dairy cattle to the United States in the first six months of this year of approximately 35 per cent. All this is taking place at a time when Great Britain is asking for more dairy products. We are deliberately forcing thousands of people out of agriculture and into industry. In the district from which I come, and all through Saskatchewan, there are thousands of sale bills displayed, and I believe the situation is the same in Ontario. Every farmer living on marginal land or on land which has not been producing is being forced into industry. I should like to remind hon. members that when a dairy herd is disposed of, it cannot be replaced overnight; it requires from five to ten years of careful breeding. I feel certain that if present prices of agricultural products are maintained, within a year we shall be faced with a distinct shortage of dairy products in Canada, and Great Britain will still be asking for more of these commodities. In any agricultural paper in Ontario this belief will be seen stated time and again.

The actions of some of the boards and controls established by this government, for which the government alone must accept responsibility, have deliberately impeded the growth and development of the cooperative movement in Canada. This year our cooperative refinery in Regina has been unable to secure sufficient crude oil for its requirements and has had to buy large quantities of refined products from the regular oil companies while its own plant stood idle. The allotment of cars to the pools during the past year is another instance. As a result of this allotment, the handlings of the pool elevators have been reduced by approximately 40 per cent.

Finally, I should like to say that if this government are anxious to secure the cooperation of all classes and sections of this country in an all-out war effort, as they wish it to appear, they have the remedy in their own hands. Let them consult labour and agriculture in the same manner that they consult industry to-day. Let them cut out the petty political patronage which is rampant throughout this country. Let them demonstrate by concrete action that it is their intention to bring about real equality of sacrifice. We have heard platitudinous phrases coming from the Prime Minister and the Minister of Pensions and National Health. These are not enough. Here is what Hon. Ernest Bevin, who next to Mr. Churchill is the greatest leader of the British people to-day, has to say:

> This war has taught us that never again can we be complacent; that it is not in platitudes or phrases that the world's solution of injustice, poverty, and social inequality can be solved, but in wise planning, thinking and action of the nations actuated by these motives.

That is what we need in Canada to-day, more action and less talk.

Mr. KINLEY: I should like to say just a word with regard to that paragraph of the order in council which is really the adjustment clause, and which has been so vigorously attacked by the hon. member for Lake Centre. To my mind that is the redeeming feature

of the order in council; it is the way flexibility is given to the whole picture. The leader of the opposition said this was an adventure which would have to be carried on by the trial and error method. Well, there might be an error, but there could be no trial without that clause, which in my belief is the provision which makes this legislation acceptable to business generally throughout the country.

One hon. member has complained about the retailer suffering on account of the fact that the wholesaler might have raised his prices during the four-week period, while the retailer did not. This clause can be invoked to remedy that situation; and furthermore, I have rarely heard of retailers being hurt very much on a rising cycle of prices. It is true that without this clause they might be hurt on some items, but only the items sold during a certain period. A merchant with a shop full of goods has many articles which were bought months and months ago at much lower prices. He will be able to sell these goods at the prices the ceiling of which was determined by the prices during that four-week period, and to that extent he will benefit.

I think we all agree that the principle of this legislation is sound. To a certain extent it is a managed economy, but this provision about which complaint has been made also gives to it certain regional advantages. Men possessing local knowledge, who are well acquainted with the conditions, can be appointed to the controlling boards. In this regard great care should be exercised in making appointments to these boards. At this stage of our war effort I cannot conceive that there would be any political bias shown on a board of this kind, but there might be some interest as between various classes of people in the country. For instance, the farmers might say they should have representation on such boards, and I think they should. Then there is the great body of unorganized labour in this country, who might say they should have representation and that organized labour should not have the whole of the say, although organized labour should have the representation to which it is entitled. I believe the success of the whole scheme will depend upon the way it is managed, which means that you must have highly qualified personnel on the boards distributed all over the country, representative of the people who are to be affected. The order in council refers to employers and employees, but I believe the minister might well give consideration to having primary industry also represented on the regional boards.

If the government makes an error, no one will be hurt more than the federal treasury, because it is a partner in every business in Canada to-day. As a matter of fact, the government is a financial partner in business, in some instances to the extent of 75 per cent. While industry may make money, it is imperative that industry be required to pay back a great deal of that money to the government. We are told that to-day over 40 per cent of every dollar earned must go back to the government for war-time needs, and probably that percentage will increase as time goes on. Therefore it will be seen how we must all work together in the interests of a managed economy which will give the greatest strength possible to the nation at this time.

Mind you, Mr. Chairman, this scheme is being introduced at a time when business is buoyant, when there is an artificial prosperity throughout the country. No doubt there will be some dislocation at the start, but there never was a more opportune time for putting legislation of this type into effect. Almost every business is making more money than it has made for many years. Prices are rising, or at least prices were allowed to rise to a great extent before this legislation was invoked. Therefore I say there could not be a time when this legislation would cause less difficulty or trouble than the present moment. In any event I suggest that it is better to have a little trouble now than a great deal of trouble hereafter. If we have the difficulties now in time of prosperity, and let business adjust itself, then, after the war, when the time of depression may come, because of this managed economy business and industry will not be in the inflated, ballooned condition which brought ruin to so many people after the last war.

This legislation is not an innovation. Most of the firms in Canada who were big enough to do so fixed their prices long ago. We recall that the Imperial Tobacco company fixed the prices of tobaccos and cigarettes years ago; and although it came close to infringing the combines act, that action had its virtues. Everyone was given an equal chance, because everyone had to buy and sell at the same price. The same is true of practically every nationally advertised commodity in this country. Everyone who goes to a retail store usually knows what he must pay for a nationally advertised product, and the price was controlled by people who had power to control. That was controlled in the interests of the merchants and the manufacturers. This legislation is a measure of control in the

interests of the masses of the people in order that greed or undue selfishness shall not prevail in this time of peril.

I do not believe the legislation will be difficult to administer. Every purchaser is his own auditor, and every man who purchases will protect himself as far as he can. It seems to me that audit or control will be almost automatic, because the public will be alert and will try to protect its own interests.

I do see that this adjustment board will have to give supervision under certain conditions. I have in mind some seasonal products. We will say that the price of potatoes is $1 a bushel. A farmer may have potatoes to sell, but may decide to keep them until the new year. He must store them in the meantime and then pick them over. Ten per cent of those potatoes may be rots. He would throw them out and then market the remainder. It does not seem fair that the price of a seasonal product should be the same next spring as it is now.

Then, there are the fishermen. In the fishing industry it would not be fair that prices for fresh fish should be fixed in September and October, because the winter season is the hazardous time for the fishermen. That is the time when it is most difficult and hazardous for them to operate. It is the time when the merchant can do the most profitable fish business. The climate helps him in the marketing of his fish over long distances. Furthermore, the market during the lenten season is usually good, and the highest prices for fish are usually paid between the New Year and Easter. For that reason it seems to me that there would have to be some adjustments in the fish business.

There is a clause in the regulations stating that when the seller is the exporter there can be supervision. If a fisherman who is a primary producer brings in fish and sells them to a dealer at a controlled price, and the dealer, in turn, sells them in the United States market —and many of our fish go to that market, where the exchange condition is good, and the prices are rising and uncontrolled—it seems to me there should be some provision whereby the primary producer would get his share of that profit. I have no doubt that the regional boards will see that that is done. There again we can see the advantage of the regional boards which may make adjustments. That is the paragraph in the order in council, about which the hon. member for Lake Centre has so vigorously complained.

Then, I have comments concerning interest rates, about which a question was asked. The Bank Act fixes interest rates—although they may be high. I believe the act fixes the maximum rate at 7 per cent. This legislation is not to establish any new prices; it is to fix what was in vogue before. While we may complain about interest rates—and the wages of money may be too high in Canada, and perhaps in other countries as well—the people who would be hurt the most are the small loan companies who must charge more than the amount I have mentioned, and who have special provisions with respect to the loaning of money at a percentage greater than is charged by the Canadian banks.

It must be remembered that to-day raw materials, particularly base metals, are getting scarcer. I had some business to do at the steel controller's office the other day, and was told about the shortage in steel production. I know from my personal business that it is very difficult to get the goods in order to keep men employed. It is difficult to obtain raw material. Indeed it is only through a priority arrangement, when it can be shown that the work is vital, that one can get the goods to keep his men employed.

These being the facts, one can readily see that with an uncontrolled economy the prices of raw materials would rise, and at the very beginning of business, where the primary product is going into manufacture, there would be started a cycle which would cause inflation, and which eventually would stagger and destroy business stability in Canada.

I believe it will be found that the people of Canada will say that this order in council is a step forward. I believe that is clearly indicated in the interest shown by the public. War-time legislation with respect to taxation has destroyed the incentive for greed and selfishness. Business to-day is the partner of this government except—and I say this most kindly—some combinations which claim co-operative privileges, and do not pay any income tax.

But I do say that the Minister of Finance has caught the imagination of the people of Canada. I believe the alert people of this country have decided that in this war the provisions for the protection of the public in the orderly carrying out of business in an abnormal situation are meritorious and necessary. The minister has had a big opportunity and has performed a big task. I say we should feel that he has done a splendid job.

Mr. NICHOLSON: I have received a number of complaints from farmers in western Canada respecting the arrangement with regard to instalment buying. It has been pointed out that it is impossible for those who receive their principal income from the sale of wheat

to meet payments on a monthly plan. Would the minister make a statement as to whether it is possible to have a 50 per cent down payment, and then have the balance paid next harvest, or a year from the time the purchases are made?

Automobiles are now a necessity in many areas of western Canada. Tractors, too, must be used. I understand they come under the regulations, and I should like the minister to make a statement respecting them.

Mr. ILSLEY: I have received a number of representations similar to those of the hon. member, and I have forwarded them to the war-time prices and trade board. I am informed that the matter of the amendment of the regulations is under consideration at the present time. Perhaps I am not thoroughly acquainted with the principle underlying the monthly payments; but I should think that the important elements are, first, the size of the down payment and, secondly, the period within which the remainder of the price must be paid. If that is correct, there is an opportunity for some amendment to the present provision for monthly payments, without vitiating the principle of the order. The matter is under consideration.

Mr. MacINNIS: My impression of the regulations with respect to instalment buying is that they are not helpful to anyone, excepting the financing corporations. They shorten the time, but as far as I know, the commodity is not reduced in price for those buying on that basis. I believe when the time is shortened, and the financing corporations are given a better deal, it should be reflected in the benefit accruing to those who buy on the instalment plan. I do not know much about these matters, because I have not bought on instalments. In my view, however, that is a point which should be considered.

Mr. ILSLEY: The object of the order in council relating to instalment buying is not that of making it any easier for the purchaser to buy. The idea is to make it more difficult for him to buy.

Mr. MacINNIS: But there should be no objection to performing two functions at the same time, if it can be done.

Mr. ILSLEY: The matter of price fixing or price control is separate altogether from the matter of the regulation of instalment buying. There was a tremendous amount of durable consumer goods being bought in Canada on the instalment plan. Small down payments were accepted; long periods were given for the completion of the payments, and people were loading themselves up with obligations. They were buying goods which were using up valuable war materials. People were running into debt and making their futures very uncertain by entering into these long-term instalment contracts, and it was considered desirable to make the payments more strict. The objective there has nothing to do with the objectives of the price control regulations.

Mr. H. C. GREEN (Vancouver South): Has the minister given consideration to the effect of these price control regulations upon what is known as "loss leader" legislation in certain of the provinces? Some of the provinces have such legislation. In British Columbia in the last few years they have developed an act known as the Commodities Minimum Loss Act, the purpose of which is to prevent chain stores in particular from advertising certain goods at a rate below the cost to them, really using that method to sell their other products. Such a practice does not necessarily mean any benefit to the consumer and it was considered an unfair method of merchandising. The passing of this legislation brought about more orderly merchandising, and in the province it was considered a step in the right direction. The retail merchants now fear that these regulations will upset that legislation, the result being that retailers, large and small, will be brought back to the position in which they were some years ago. Regulation 5 (2) reads:

> No such federal, provincial or other authority shall fix or approve any specific, minimum or maximum prices or markups in respect of any goods or services without the written concurrence of the board.

That would seem to be in direct conflict with the language of the British Columbia act, which states in section 3:

> No retailer shall offer for sale, sell, or keep for sale in the province any grocery product at a price less than five per centum above the cost of the same to the retailer.

I believe there is a similar statute in Alberta. I ask the minister to give the most careful consideration to the provincial legislation. The dominion regulations should not be such as to interfere with that act. These retailers are to be found in all our cities and towns and are generally the key men and women in their respective communities. I am convinced that they are only too anxious to cooperate in making this price control effective, and they can do it far better than any other class. I think this matter should be looked into, and the minister should make sure that these retailers do not lose their present position by virtue of the new regulations.

Mr. ILSLEY: I shall bring the hon. gentleman's representations to the attention of the board. Before I heard my hon. friend speak, I was not aware that there was any conflict between these regulations and the "loss leader" legislation of British Columbia.

Mr. GREEN: Was it intended that there should be no conflict between these regulations and the "loss leader" legislation of British Columbia?

Mr. ILSLEY: I do not know that it was considered. There are provincial boards, such as milk boards, which fix minimum prices, and it was considered necessary to make sure that the war-time prices and trade board would have power to carry out its responsibilities regardless of the power vested in any local body. I think that was the situation which it was thought would be covered by that particular regulation. As I understand the hon. gentleman, he is suggesting that under the "loss leader" legislation of British Columbia it is illegal to sell below cost plus a certain mark-up, and that in that sense a minimum price is fixed by the legislation, whereas the regulation referred to by the hon. gentleman provides that any fixing of minimum prices is subject to the written concurrence of the board.

Mr. GREEN: That is what I am afraid of.

Mr. ILSLEY: I am not in a position to say that the board would give written concurrence. If the cost plus the mark-up brought the price above the ceiling, I suppose the board might not give its written concurrence, and to that extent there might be a conflict between the maximum price regulation and the "loss leader" legislation of British Columbia. I do not, however, think the regulation was framed with a view of enabling the board to break through that legislation. That is an accidental rather than an intentional result of the regulation.

Mr. GREEN: I suggest that provincial legislation should be considered as being stronger than a regulation passed by a provincial board. When the act is working successfully in the province, I think it would be unwise to interfere with it by these price control regulations, certainly without giving the matter the most careful consideration.

Mr. GERSHAW: There is one point I should like to bring to the attention of the minister in connection with the control of instalment buying. I refer to the sale of automobiles. In many ranching and farming districts the distance between the homes of the settlers and the market towns is considerable. Automobiles are needed, not for pleasure but to carry on the business of farming or ranching. The regulations provide that instalment payments shall be made at rather short intervals, whereas the average rancher or farmer has money at practically only one season of the year, when he sells his live stock or the product of his farm. Automobile dealers feel that this regulation will bring about a great change in their method of doing business and will prevent many people who need cars in their business from getting them. When this matter is being considered I hope that this situation will not be overlooked.

Mr. ILSLEY: I can assure my hon. friend that the matter is being given consideration by the board at the present time.

Mr. STIRLING: Would the minister indicate by what method a price will be decided upon for a commodity which was not on sale in the period mentioned; for instance, asparagus next May?

Mr. ILSLEY: I do not want to commit the board, but I think it is fair to say that there are certain seasonal fruits and vegetables which may be outside this order altogether. It may be impossible to make it apply to them. But that is a matter which will have to be dealt with by the board. I say that because it is obviously unfair to apply these regulations literally to certain fruits and vegetables which have a high value in one month, a very low value in another month, and perhaps had a very low value in the base period. I hope I am not saying anything which will be taken as a commitment or any intimation of what the board is going to do, because they must have complete freedom to work these things out themselves. But from the beginning it was thought that in the case of fruits and vegetables it might be necessary to go rather far in departing from the literal terms of the order.

Mr. NICHOLSON: I should like to support the view expressed by the hon. member for Melfort in connection with the controls which will be necessary. He mentions the attractive advertisements in newspapers urging people to buy certain commodities. I followed with a great deal of interest the minister's statement the other night and I entirely agree as to the evils of inflation, but I think even further controls are going to be necessary and I think they should be introduced.

I have before me the bureau of statistics' August, 1941, report of monthly sales of new motor vehicles in Canada, and I find that new motor vehicle sales in Canada during

August, 1941, excluding deliveries to the government for war purposes, numbered 7,222 new vehicles, an increase of 45 per cent in number and 56 per cent in dollar value over August, 1940. There is also another report giving a comparison of retail sales in Canada for the period January to September, 1941, compared with the period January to September, 1940, and it contains some alarming figures. Boot and shoe stores have increased their sales by 18·5 per cent; candy stores, 18·4 per cent; men's clothing stores, 21·8 per cent; women's clothing stores, 19·4 per cent; department stores, 17·8 per cent; drug stores, 15·7 per cent; furniture stores, 14·4 per cent; grocery and meat stores, 14·1 per cent; hardware stores, 18 per cent; radio and electrical stores, 17·1 per cent; restaurants, 16·1 per cent; variety stores, 21·3 per cent.

A comparison of retail sales of boot and shoe stores and jewellery stores for September, 1940, and September, 1941, shows that in the maritime provinces boot and shoe stores have increased their sales by 19·1 per cent; jewellery stores, 43·8 per cent; Quebec, 17·9 and 21·2 per cent respectively; Ontario, 15·1 per cent and 24·5 per cent; prairie provinces, 19·3 per cent and 16·3 per cent; British Columbia, 16·2 and 44 per cent respectively.

These statistics indicate that the consumption of goods has proceeded at a very remarkable rate right across the country, and therefore I think that, in addition to the controls which the minister has outlined, it is going to be necessary to control the manufacture of these commodities. When one considers the need for mechanized equipment for the army, an increase of 45 per cent in the number of motor vehicles sold indicates that we have a very large number of workers and a large amount of material going into the production of these motor vehicles which are sold chiefly or to a very large extent for pleasure purposes and using material which should be devoted to war purposes.

I have here a very interesting article on "Economic Organization for Total War" by E. F. Penrose, economic adviser to the International labour office. I might mention to the committee that this is the international organization with head offices in Geneva until war broke out, which our government have been supporting financially. Mr. Penrose in his article discusses methods of restricting consumption, and says:

> There should be no reduction but an increase in the consumption of basic necessities by those who at present consume less of them than is required to maintain health and efficiency. Next, as regards the incomes of those who earn more than is required for the maintenance of health and efficiency, the higher the income the greater should be both the absolute and the proportionate reduction of the amount left available for consumption, up to a certain level above which no further income should be left for consumption.

I know that the minister considers he has gone a long way in increasing the income tax, but I feel that he will have to go a great deal further because people with large incomes are still left in the position where they can go into the market and buy luxury goods, thus forcing up the price level and creating a serious problem with which the minister will have to reckon. That will be in addition to the schemes he has so far devised.

Mr. Penrose goes on to discuss the different types of methods that can and should be followed. He mentions the rationing of consumer goods, and says:

> Rationing of consumers' goods subject to war scarcity is essential in communities in which income is unequally distributed, to ensure necessities to the lower income groups and to prevent hoarding and remove the need for queues.
>
> Rationing of raw materials is also an effective weapon in the hands of the central government, for the purpose of controlling private business in war-time with a view to maximising the production of war goods and minimising the production of consumers' goods which can be foregoing with least injury to the public. This form of control is speedier and more direct than one based on fiscal and financial measures alone.

He goes on to examine the effect of taxes and loans on the distribution of the restriction of consumption among different income groups, and says:

> The distribution of the restriction of consumption has to be examined from the standpoints of equity and of the efficient conduct of the war. Voluntary loans have the advantage over compulsory loans and taxation, of facilitating adjustment between persons of similar incomes but different financial responsibilities and different future prospects. But they have the grave disadvantage of allowing less conscientious persons to continue a higher level of consumption than more conscientious persons; this is both inequitable and prejudicial to the conduct of the war.
>
> Voluntary lending tends to produce unfavourable results on the distribution of income after the war, since high income groups are in a better position to save than low income groups.

Regarding taxation and social justice he says:

> First, incomes below the minimum amount necessary to purchase a specified standard of consumption goods should be exempted. Second, above this minimum the higher the income of the individual, the more should his previous consumption of goods and services be restricted. . . . On grounds of equity the entire amount of very large incomes above a certain point should be taken.

There are people in Canada who are not willing to accept that, but I should like to repeat that they are the people to whom Canada has been very kind; they have a great deal at stake and should be prepared for much higher income taxes. Mr. Penrose goes on to say:

The majority of economists have held that high income taxes do not reduce the efforts of business men, since the tax is only imposed on income actually received. However, this view has been criticized on the ground that high taxation diminishes net yields to invested funds and thus reduces the advantages of investing over holding cash idle. . . .

But on grounds of equity it cannot be claimed legitimately that customs and excise duties are the best means of restricting the consumption of things which produce harmful physical effects if consumed in excessive quantities.

Then he mentions the sales tax as unfair taxation, and says:

Financial policy should aim at preventing as far as possible price rises that give opportunities for excess profits, and excess profits should be subject to a one hundred per cent tax.

The argument that entrepreneurs will relax their efforts in war emergencies unless they are permitted to make large incomes in excess of the amount they pay in taxes implies that, as a class, business men are less willing than other sections of the community to make sacrifices to save the community in the hour of need.

As I said, I think the minister is going to have to go a great deal further than he has as yet gone. I realize that there are grave dangers in giving to a board the very wide powers which have been given, but the minister well stated the alternatives, and I think we should not be unduly concerned as long as those boards are appointed by governments which are elected in a democratic way, and as long as the elected representatives of the people have controls over those who are devising and enforcing the regulations. In a democracy, although members may be critical of government policies, we have to bow to the will of the majority and hope that those who have been granted very wide powers will use them in the best interests of the democracy, and to enable our democratic country to make its greatest contribution in this very critical time.

I submit this point of view to the minister because I anticipate that he will have a great deal of pressure from other groups who are going to be constantly complaining that these regulations interfere with profits. I imagine that representations are made by thousands of people who say, "We are not going to be able to make the profits we formerly made." But sacrifices have to be made by all groups in the community in the present emergency, and those best able to do so should make the greatest sacrifices.

Mr. LOCKHART: May I ask the minister whether he believes that by December the first the board will be in a position to indicate fairly well their attitude, so that there will be some opportunity of planning for the future, as regards seasonal commodities such as fruits and vegetables?

Mr. ILSLEY: I think so, yes.

Mr. LOCKHART: I believe that would relieve the situation.

The committee rose and obtained leave to sit again at the next sitting of the house.

On motion of Mr. Mackenzie (Vancouver Centre) the house adjourned at 10.55 p.m.

Friday, November, 14, 1941

The house met at three o'clock.

GASOLINE

RESTRICTION OF DELIVERIES TO SERVICE STATIONS SUSPENDED

On the orders of the day.

Hon. C. D. HOWE (Minister of Munitions and Supply): Mr. Speaker, I desire to make a short statement. In my statement of November 7 to the committee I pointed out that the present system of controlling gasoline consumption by cutting deliveries to service stations, while effective from the viewpoint of reducing gasoline consumption, is not satisfactory either to the service stations or to the public. The system places the problem of rationing supplies on the shoulders of the service stations, and rationing to the public may or may not be equitable, depending on the policy adopted by the service station operator. At the same time I stated that a system of coupon rationing will be introduced as soon as necessary preparation for so doing can be completed.

The situation has been reviewed in the light of present stocks of gasoline, prospects of future deliveries, and lower gasoline consumption through voluntary conservation, and account has been taken of the fact that winter weather is in itself effective as a control on use of gasoline for pleasure driving. Fortunately, there has been no recent change for the worse in the prospect of transportation facilities, on which our supply situation depends.

Taking all these factors into account, it has been decided that regulations restricting

deliveries of gasoline to service stations will be suspended, pending introduction of the coupon system of rationing. The restricted hours of sale will continue as now in force.

The present situation still demands conservation. In my recent statement I pointed out that our refinery inventory position as of October 1, 1941, is 1,422,721 barrels less than at October 1 of last year. I also pointed out that the transportation facilities necessary to meet our requirements are short 3·5 ocean tankers of 100,000 barrels capacity each, after giving effect to the savings accruing from the Portland-Montreal pipeline. It is in view of the reduction in the normal demand for gasoline for private motor cars during the winter months, and my confidence in the willingness of the public to continue to co-operate, that the decision to eliminate quota restrictions has been arrived at. The lifting of the quota restrictions is directed toward saving public inconvenience, embarrassment to station operators, and inequalities that undoubtedly arise from the rough and ready system of curtailment that was improvised in an emergency, both in Canada and in the United States.

I make the strongest possible appeal to the public to continue voluntary conservation of gasoline during the winter months. I urge that no step that has been taken in the direction of voluntary curtailment be retraced, on account of action now being announced.

HIGHWAY ACCIDENTS

REQUEST FOR SURVEY AND WIDENING OF POWERS OF TRANSIT CONTROLLER

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to direct a question to the Minister of Munitions and Supply arising out of the eighty-two deaths from automobile accidents which occurred in the city of Toronto this year. The minister now has a federal transit officer in Toronto making a study of the transportation system of that city. In view of the great loss of life from this cause throughout Canada will the Minister of Munitions and Supply study the question of widening the powers of the federal transit officer, so that when parliament meets in January we may have a survey made and a report given to the high court of parliament on that great scandal in Canada? Will the minister study the matter along these lines and give a reply?

Mr. HOWE: I shall be glad to look into that.

[Mr. Howe.]

PRIVILEGE—MR. BERTRAND

REFERENCE TO USE IN BROADCAST ADDRESS OF DOCUMENT IN HANDS OF INTELLIGENCE SERVICE

On the orders of the day:

Mr. ERNEST BERTRAND (Laurier): Mr. Speaker, I rise to a question of privilege. The hon. member for Macleod (Mr. Hansell) made a statement in the house, and has asked questions respecting a document that I read in a radio speech made by me some time this summer, and I believe the hon. member's statement reflects on my character. Had I been in the house when the hon. member spoke I would have answered him immediately.

The reference was to a document I used in two broadcast speeches on the network of the Canadian Broadcasting Corporation last summer. I had known about this alleged secret document long before it was ever discussed in the committee on the defence of Canada regulations. As a matter of fact, as a member of that committee I asked repeatedly that the officers of the Department of Justice read the document to the committee, because I thought it was important that they should know about it. After it was read to the committee I asked permission to speak about the document on the radio, and I obtained it from an officer of the Department of Justice. My addresses before they were given on the air were sent to the mounted police, received their approval and were then returned to me. So that I did not commit any breach of secrecy or anything of the kind. After I had given the addresses, all the daily newspapers in Montreal and in the province of Quebec spoke very favourably about them, and asked that more of these documents be given to the people so that they would understand why the regulations are so strict.

I do not feel that I have committed any breach of secrecy in the matter, and I take this opportunity of making that clear to the house.

LABOUR CONDITIONS

LAY-OFF OF EMPLOYEES OF ALLIED BRASS COMPANY, MONTREAL

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to direct a question to the Minister of Munitions and Supply. I am informed that twenty-six men, employees of the Allied Brass company, in Montreal, have been laid off because of lack of work. I am informed that the Allied Brass company is a government-owned plant operated on a

managerial fee basis by the Canada Wire and Cable company of Montreal. It manufactures brass caps for shells. Can the minister tell the house the reason for this lay-off? Is it because of a shortage of materials, or because it is considered that we have all the shell caps that are needed?

Hon. C. D. HOWE (Minister of Munitions and Supply): I can assure my hon. friend it is not due to any lack of material or lack of orders; but I have no knowledge of the matter in question. I shall be glad to make inquiries, and possibly give, later in the day, the information my hon. friend requires.

INTERNMENTS

PETITION OF CERTAIN PERSONS INTERNED IN HULL, QUE.

On the orders of the day:

Mrs. DORISE W. NIELSEN (North Battleford): Mr. Speaker, I believe it is in order at this time to place a petition before hon. members of the house. So far as I have been able to ascertain the petition is quite in order, under standing order 68. It begins with the usual superscription to "The honourable the House of Commons in parliament assembled," and then goes on in the usual manner, stating that the "petition of the undersigned humbly sheweth," and so on.

The subject matter is set out in several paragraphs, as is usual with petitions, and it concludes with the formal prayer. In this instance the petitioners are citizens of Canada now interned in the gaol in the city of Hull, Quebec. It is signed by seventy-eight men.

The material allegations contained in the petition are briefly these: That these anti-fascists have been interned for, some of them, as long as seventeen months. First they were interned with anti-fascist prisoners of war, and since August 20, 1941, in the gaol in the city of Hull, Quebec. They have sent sworn affidavits to the Prime Minister and the Minister of Justice.

Mr. SPEAKER: I am afraid the hon. member is not permitted to read the text of the petition. She may present it, however, as briefly as possible.

Mrs. NIELSEN: I am not reading the petition. I am simply placing the contents of it before the house in brief form. I have looked up the proceedings in *Hansard*, and I have found that when the petition with respect to old age pensioners was brought to the house the allegations contained therein were stated by the hon. member who presented the petition. I am doing the same thing.

The SPEAKER: The hon. member has already stated sufficiently the contents of the petition, so that hon. members may understand what it contains. I suggest that she should now lay it on the table of the house.

Mrs. NIELSEN: So far I have mentioned only one of the allegations contained therein; there are a few more. May I be permitted to proceed?

Mr. SPEAKER: The hon. member must realize that at present there is nothing before the chair. The petition should be sent in, to see that it conforms with the requirements respecting such petitions, and so that the house may have an idea of what it contains. After the petition is laid on the table there will be opportunity to decide whether it falls within the rules respecting petitions, and therefore I suggest that the hon. member lay it on the table.

Mrs. NIELSEN: Do I understand, Mr. Speaker, that you deny me the right to mention the allegations?

Mr. SPEAKER: I have not denied a right. All I have said is that the hon. member, in the statement she has given, has summarized the contents of the petition to an extent sufficient to enable hon. members to judge of its contents. That is sufficient for her purposes. A petition laid on the table of the house is a document of the house which any hon. member may read in its entirety.

Mrs. NIELSEN: But I understand that I am complying fully with the regulations set out in standing order 68.

Mr. SPEAKER: The hon. member is complying with the regulations respecting the form of the petition, and I believe she has already stated its contents. That is in conformity with the rules of the house. But having made the contents of the petition known to some extent I suggest it is then the duty of the hon. member to lay it on the table of the house, so that hon. members may satisfy themselves as to what it contains.

Mrs. NIELSEN: I really am sorry to have to persist, but I see no reason why this petition should not be treated the same as the petition respecting old age pensioners, because on that occasion the hon. member who presented the

petition did read a number of the allegations contained therein. Possibly they were not read actually as presented, but they were stated briefly.

Mr. SPEAKER: The hon. member will have to accept my ruling, which is in compliance with standing order 68 (7) which reads:

On the next day following the presentation of a petition the clerk of the house shall lay upon the table the report of the clerk of petitions upon the petitions presented and such report shall be printed in the votes and proceedings of that day. Every petition so reported upon, not containing matter in breach of the privileges of this house, and which, according to the standing orders or practice of this house can be received, shall then be deemed to be permitted to be read and received.

I must rule that the hon. member has satisfied the requirements of the standing order in respect of the form of the petition. I would now ask her to lay it on the table of the house.

Mrs. NIELSEN: Do you mean, Mr. Speaker, that I am not allowed to quote the form of the prayer at the end of it?

Mr. SPEAKER: The hon. member is entitled to quote the prayer; that is part of the requirements in connection with the petition. But I suggest she may not read the contents of the petition.

Mrs. NIELSEN: I will proceed to read the prayer.

Mr. MACKENZIE KING: Just a moment, please. I think it is important that we should follow the rules of the house. Standing order 68 reads as follows:

(1) A petition to the house may be presented by a member at any time during the sitting of the house by filing the same with the Clerk of the House.

That is the first step.

(2) Any member desiring to present a petition in his place in the house must do so during routine proceedings and before introduction of bills.

(3) On the presentation of a petition no debate on or in relation to the same shall be allowed.

(4) Members presenting petitions shall be answerable that they do not contain impertinent or improper matter.

(5) Every member presenting a petition shall endorse his name thereon.

(6) Petitions may be either written or printed; provided always that when there are three or more petitioners the signatures of at least three petitioners shall be subscribed on the sheet containing the prayer of the petition.

The following is a paragraph to which I should like to direct Your Honour's attention:

(7) On the next day following the presentation of the petition the Clerk of the House shall lay upon the table the report of the clerk of petitions upon the petitions presented and such report shall be printed in the votes and proceedings of that day. Every petition so reported upon, not containing matter in breech of the privileges of this house and which, according to the rules or practice of this house, can be received, shall then be deemed to be permitted to be read and received.

(8) No debate shall be permitted on the report but a petition referred to therein may be read by the Clerk of the House at the table, if required; or if it complain of some present personal grievance requiring an immediate remedy, the matter contained therein may be brought into immediate discussion.

I could read several citations that refer to the matter, but the rule is as clear as it can be. A petition must be presented to the Clerk of the House, and until the Clerk of Petitions has reported to the house that it is correct in all its form it cannot be discussed one way or the other. Your Honour has ruled accordingly, and your ruling should be respected.

Mr. SPEAKER: The hon. member should lay the petition upon the table.

Mrs. NIELSEN: I have not finished reading the prayer.

Mr. SPEAKER: I am afraid the hon. member will have to lay the petition on the table in accordance with the rules without any further comment.

(The petition was laid on the table.)

BUSINESS OF THE HOUSE

On the orders of the day:

Mr. KARL K. HOMUTH (Waterloo South): Would the Prime Minister indicate to the house whether we are to sit to-morrow if we do not finish our business to-day, or adjourn until Monday?

Right Hon. W. L. MACKENZIE KING (Prime Minister): If we do not conclude our business this afternoon, the house will sit to-night, and I would hope that the house would give its unanimous consent to sitting to-morrow if we do not conclude to-night. If that unanimous consent is not given, then the proceedings will run over to next week. Hon. members will understand that the government has many matters to which it wishes to give attention. Ministers have been constantly in the house this and last week and all of us are desirous of getting on with some of the war work in other directions. Therefore I think the more the house can expedite its proceedings, the better.

PRAIRIE FARM ASSISTANCE

APPLICATION TO HAVE CERTAIN AREAS IN SASKATCHEWAN DECLARED CROP FAILURE AREAS

On the orders of the day:

Mr. A. M. NICHOLSON (Mackenzie): I should like to ask the Minister of Agriculture if an application has been received from the government of Saskatchewan to have a crop failure area declared according to section 4 of the Prairie Farm Assistance Act and, if so, will such area be declared this year?

Hon. J. G. GARDINER (Minister of Agriculture): Some weeks ago the Saskatchewan government made application to have an area in Saskatchewan declared a crop failure area and submitted a number of townships which they believed were under five bushels to the acre. A check is now being made by the officials of the prairie farm assistance office at Regina but the final report is not yet in.

SOLDIERS' DEPENDENTS

QUESTION AS TO PAYMENT OF COST OF LIVING BONUS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Will the Prime Minister be in a position before the session concludes to let hon. members know what is being done about the payment of a bonus to soldiers' dependents? I know of many cases where these people have no fuel.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I believe it is the intention of my colleague, the Minister of Finance, to make a statement either later this afternoon or this evening. The statement is in the course of preparation at the moment.

Mr. CHURCH: It will be given before we conclude our business?

Mr. MACKENZIE KING: Yes.

THE WAR

INTERNATIONAL SITUATION SINCE JUNE 14, 1941—CANADA'S WAR EFFORT

The house again in committee of the whole, Mr. Bradette in the chair.

Mr. KARL K. HOMUTH (Waterloo South): Mr. Chairman, I regret that the Minister of Finance (Mr. Ilsley) has left the chamber. Last evening the Prime Minister (Mr. Mackenzie King) suggested that to-day we go on with the Department of Labour, but I had hoped to ask the Minister of Finance a question. However, as the Prime Minister is in his seat I can put it to him; in fact, my question rather turns on a statement which he made over the radio some three or four weeks ago last Sunday.

When the Minister of Finance was dealing with the price ceiling a few days ago I asked him if he would elaborate upon the question of rents. There are times when the Minister of Finance shows a little pettishness and he said he could not do it; therefore I had no opportunity then to ask him about a ceiling for rents.

The situation in Canada is that only about five per cent of the territory is under the rent controller. I believe the first rent controller was appointed in September of last year. I have written many letters asking that a controller be appointed for our district, which might take in the counties of Waterloo, Brant, Wentworth and Wellington, in order that an ever-increasing rent situation might be curtailed. The replies have always been to the effect that this was a matter for the municipal councils; if the municipal councils were prepared to recommend that a rent controller be appointed, such an appointment would be made. To my mind that was passing the buck; it was simply bringing the prerogative of government down to the level of local politics. The mayors, reeves and councillors hesitated to deal with this matter, and no controller has been appointed.

When the new rent controller was appointed I wrote to him and he sent me a most gracious reply. In fact, I thought so much of that letter that I had it published in the local press. It seemed to offer the assurance that rents would be controlled. The rent controller stated that the Prime Minister had made a statement over the air and undoubtedly when the various details were worked out, rent control would be set up in our district. What do we have now? We have the Minister of Finance coming along and placing a ceiling upon prices and a ceiling upon rents. But the ceiling that has been placed on rents is the rental in existence from September 15 to October 11. In the larger municipalities where a rent controller has been appointed a rental is set that represents a fair average level for that district as of one year ago. The order is therefore very unfair to people in those districts where there is no rent controller. Many people have had their rents raised to a point that is absolutely unreasonable, but there being no rent controller for the district there was no one to whom they could appeal to set a fair rental. The price ceiling order sets all rentals at the figure prevailing in the period of four weeks prior to the

making of the order, and in that period rents were thirty, forty, fifty and in some cases seventy-five per cent above the rents that would have been set by a rent controller had there been one appointed for these districts.

I do not want to delay the committee, but I do feel that if we are to set a ceiling on rents the people of my district and of other districts similarly affected should have an assurance from the government that the board which is to regulate the price ceiling will have power to say to these tenants, "You have been charged an unfair rent," and power to say to the landlords, "You have charged too much rent and we will make a retroactive order applying to the months in which this high rental has been charged." Many tenants have come to me and said, "What am I to do? I cannot move out because I cannot get another house." I have said to them, "Stay there, because I am sure the government will provide regulations to cover such cases. You cannot move out because you have no place to go. Pay the increased rent which is asked, and which you have been paying for the last few months, because I feel that eventually the enforcement officers of the government will make the landlord repay to you the extra amount you have been charged and that a fair rental will be set."

I think we should have some statement from the government. The situation is a serious one, and it concerns the Department of Labour and the Minister of Labour because rents, of course, are an important element in the cost of living.

Mr. MACKENZIE KING: May I say to my hon. friend that the subject he has mentioned is one which I think should very properly come up at this time. It is simply one of the many cases of which those charged with the administration of this policy will have to take account, and I would say to my hon. friend at once that I am sure the board of administration will look into the particular matter he mentions and similar matters with a view to seeing that whatever is done will prove to be as equitable as possible.

Mr. HOMUTH: Thank you.

Mr. ANGUS MacINNIS (Vancouver East): When I spoke in this committee on November 4 I asked the minister a question in regard to a statement made by him to the representative of the employees of the National Steel Car corporation at Hamilton. I read a paragraph of the letter which he had written to Mr. C. H. Millard which I should like to read now—it is very short—and I would ask the minister: Is this definitely the government's policy, and if so, how does the government harmonize it with the provisions of P.C. 2685? The minister in his letter to Mr. Millard said:

> I believe that you will understand that Mr. Brunning, as controller, could not negotiate with the union as a union, or sign an agreement with a union, but the regulations which are agreed upon between all parties should form fair and reasonable conditions under which the work of the plant should be carried on.

Now I read section 7 of P.C. 2685 of June 20, 1940:

> That employees, through the officers of their trade unions or through other representatives chosen by them, should be free to negotiate with employers or the representatives of employers' associations concerning rates of pay, hours of labour and other working conditions, with a view to the conclusion of a collective agreement.

I should like to know if the government will recognize the regular trade union movement in this country in the matter of collective agreements in government-owned or -controlled industries.

Hon. N. A. McLARTY (Minister of Labour): The question which the hon. member for Vancouver East has asked is a rather broad one. It does not apply only to the National Steel Car Corporation of Hamilton to which he referred. The situation there is this, that the controller in charge recognizes two unions. One is the steel workers' organization for Canada, and the other the employees' association. I believe that in the majority the employees' association has the advantage. My hon. friend, however, brings up a question which has given me a considerable measure of worry, and one that I intend to ask the National War Labour Board to consider at the earliest possible moment when it starts its activities. I think my hon. friend and the committee know pretty well the situation in Great Britain; no union in government departments is recognized that is in affiliation with any outside union. In the United States the situation is a little different. They do recognize in some instances, and some only, unions that are affiliated with outside unions.

Mr. MacINNIS: Whom does the minister mean by "they"?

Mr. McLARTY: I mean the government in connection with the civil service. The problem arises in this country in connection, for example, with the Canadian Broadcasting Corporation, the national harbour board, and other organizations, and what I propose to do as soon as the national war labour board is established is to ask them to make recommendations in connection with solving that difficult problem.

Mr. MacINNIS: How many different kinds of organizations will be recognized in any one industry? It seemed to me that the policy at one time was to take a vote in the industry. I understand that such a vote was taken in the National Steel Car plant under a board set up by the Department of Labour, and that the vote was four to one in favour of the steel workers' organizing committee as the bargaining agency for the men. But on the refusal of the controller, on the advice of the government in carrying out government policy, to make a collective agreement with the steel workers' organizing committee an attempt was made—how successful I do not know—to build up with the assistance of the government an employees' council or company union in that plant. I am just wondering how many unions are going to be recognized in any one particular industry. This is really a new policy that is being adopted by the government in refusing to recognize outside unions, if you wish to call them such, as the bargaining agency in any industry in which the government is interested.

In the case of the Canadian National Railways, the post office, and a number of other organizations, the government have been negotiating and making agreements with the unions for a number of years. It was not until last May, when a question was asked in this chamber with regard to the association of technical employees and the Canadian Broadcasting Corporation, that I became aware there was a change of policy. To me it is an astounding state of affairs: no wonder that the situation existing between the Department of Labour and the organized labour movement of this country is as it is.

When the minister spoke on November 6, he chided both the leader of the opposition and myself for suggesting that there should be some compulsion in certain relations between employers and employees. I suggested that the matter of the recognition of organized labour should not be a question for either arbitration or conciliation; that once the employees had determined by a vote the bargaining agency, that agency should be recognized without further ado. But the minister says he is very much opposed to compulsion. Yet when I read P.C. 7307 I wonder whether the Minister of Labour is really opposed to compulsion; and if he is, I tremble for what is going to happen when he favours compulsion, because anything which is more compulsory than this order would have to go a pretty long way. I doubt whether either Hitler or Stalin ever issued an order more compulsory in effect than this order.

I am not going to read the order in full. It is dated September 16, 1941—and, let me point out, it was passed without consulting the national labour council, which was formed, we were told, for the purpose of consultation with labour in matters of this kind. The minister might explain why the council was not consulted. It seems to me that the national labour council was formed under protest, as it were, by the government. It always irked them to have to bring matters to the council. It was merely an advisory body, having no power and really no functions except to look at documents which might be placed before it. But it was a link between the government and organized labour, and, weak as it was, the government could not stand for even that measure of labour recognition.

Section 2 of the order reads:

2. If it be the desire of the employees to strike or to take a strike vote, they shall before going on strike or taking a strike vote notify the minister that such is their desire, and upon receipt of any such notice if the minister is of opinion that a cessation of work would interfere with the efficient prosecution of the war, he may order or direct that a strike vote be taken under the supervision of the Department of Labour upon and subject to such provisions, conditions, restrictions or stipulations as he may make or impose.

Pretty strong language for a person who is opposed to compulsion!

3. In any case in which the minister makes an order or direction as aforesaid, all employees who in his opinion are affected by the dispute or whose employment might be affected by the proposed strike—

That is fairly wide.

—shall be entitled to vote and the voting shall take place within five days from the day upon which the minister received notice that the employees desired to take a strike vote.

It seems to me that in a strike vote, only those employees who would be affected by any agreement which would be arrived at between the employers and employees should be allowed to vote. Let me tell the committee that representatives of the miners of Kirkland Lake had to come to Ottawa in order to have the ballot which was taken last Saturday modified. On the ballot as first prepared, everyone in the employ of the mining companies, including office workers, and excepting only the directors and the management, were included among those entitled to vote. The employees' representatives had to come from Kirkland Lake to the Department of Labour at Ottawa in order to get that provision

changed. I insist that a department which intended to be fair or which wanted to be fair to the workers of this country would not stoop to that kind of tactics.

4. Unless a majority of the ballots of those entitled to vote are cast in favour of a strike, it shall be unlawful for any employee to go on strike.

That policy represents a new principle. Supposing we in this house adopted that principle, so that it required a majority of hon. members to pass any legislation which was presented to the house for approval; the consequence would be that a number of members, by remaining outside the chamber, could prevent any measure, although passed by a majority in the house, from becoming law. It is the most ridiculous provision of majority rule.

5. Any employee who goes on strike contrary to the provisions of these regulations and any person who contravenes or fails to comply with any of these regulations or any order or direction made or given by the minister thereunder, or who incites, encourages or aids in any manner any employee to go or continue on strike, or any person to contravene or fail to comply with any of these regulations or any order or direction of the minister thereunder, shall be guilty of an offence and liable on summary conviction to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding twelve months, or to both fine and imprisonment.

And the Minister of Labour is opposed to compulsion! I ask again, what is going to happen to the workers when the minister favours compulsion, seeing how far he has gone while opposed to compulsion? But I have noted, ever since this war began, that whenever the minister has to exercise compulsion, it is never exercised upon the employers, but always in respect of the workers.

I said the other day that there was not a labour organization nor a representative or spokesman of labour in Canada that had a good word to say for the Department of Labour.

I have in my hand a statement made by Mr. A. R. Mosher, President of the Canadian Congress of Labour, on behalf of the executive committee of the congress, with reference to the passing of order in council P.C. 7307. Mr. Mosher states:

In passing order in council P.C. 7307, which virtually abolishes the right to strike, the government had demonstrated once again its inability or unwillingness to understand the purpose and function of the labour movement and the basic principles which should underlie the relationships between employers and workers. Since this order in council imposes still further restrictions upon rights which have been won by the workers after generations of struggle and sacrifice, without providing any means of removing the causes of industrial unrest, it will have the effect only of increasing discontent and distrust in the minds of the workers, and thus hindering our war effort.

There is more to the statement, but I will not read further. However, it clearly shows what the congress of labour, one of the influential bodies of organized labour in Canada, thinks of the government.

I have also before me a statement made by Mr. Tom Moore, president of the Trades and Labour Congress of Canada, the other large national body, following the issuing of the wage-freezing order in council. Mr. Moore says:

Both in its terms and in the manner of its introduction, the government programme is the longest step yet taken by any democracy toward the establishment of a totalitarian state.

Mr. Moore and Mr. Mosher are not radicals by any standard you may apply to them. As a matter of fact, they are very conservative labour leaders; they are responsible men. And this is what each of them says about the government's labour policy. I think it is time the Department of Labour took stock of itself; it is time the Prime Minister took stock of the Department of Labour and tried to change conditions that there may be more confidence between the department and the workers who make the munitions of war which our soldiers when on the field of battle must have. The morale of the working forces of the country must be kept up; otherwise I am very much afraid for our war effort. Not only that, I am also afraid of what is going to happen when the war is over. There is now a certain degree of government control, there is some social compulsion. The employers are compelled to give some recognition to organized labour; but when the war restrictions are removed the struggle between labour and employers will begin again and with greater ferocity than ever before in the history of this country.

Labour-industrial relations in Great Britain were mentioned several times in the house during debate. In the June 23 issue of the *New Republic* there appears an article by William Steele McCauley, an instructor in the department of government of Harvard. He had been allocated to study Britain's industrial mobilization and labour policies. His article is entitled, "Why Britain has no labour problem." By the way, I thought the article so good that I wrote to the minister and suggested to him that he should get a copy of the magazine and read it. I have not only read it, but I have read it many times.

In the first place Mr. McCauley points out that the reason for better industrial relations in Great Britain than those found on the American continent—conditions in the United States are pretty much the same as in Canada —is that the workers in Great Britain are better organized. There are 6,234,000 members in the British trade union movement, almost as many, with a population of about one-fourth, as there are in the two organizations in the United States, the American Federation of Labour and the Committee for Industrial Organization. Members on both sides of the house when referring to this latter organization speak as if they were referring to criminals or gangsters. C.I.O. are the letters first used to designate the Committee for Industrial Organizations. Industrial organization is the opposite of the craft form of organization. Mr. McCauley points out that in Great Britain the C.I.O. principle—that is, the industrial organization principle—has gone much further than it has in the United States, and as an example he gives the membership of the transport and general workers' union, of which Mr. Ernest Bevin, the present Minister of Labour in Great Britain, was general secretary before he went into the cabinet. Mr. McCauley points out that the transport and general workers' union is an amalgamation of 36 organizations, once independent, with a membership of over one million. It is regrettable that there had to be a split in the American Federation of Labour in order to organize the workers on an industrial rather than on a craft basis, but the evolution is an historical and economic necessity, because industry to-day is organized not on the craft basis, but on the basis of mass production. The fact is that machine production has eliminated a good deal of craft skill.

An agreement was entered into between organized labour and the government in Great Britain to end strikes. Perhaps I might read this paragraph to show what was done:

> It must be remembered that in England strikes were not outlawed by an impatient parliament overriding the opposition of labour. In effect, the workers, acting through the Ministry of Labour's advisory council, and Ernest Bevin, formulated and imposed the ban on themselves. As the British law has not yet been enforced, it is in fact merely a declaration of industrial policy.

Strikes are continually going on in Great Britain, but they are not strikes for the recognition of a union or strikes for the right of this or that organization to make a collective agreement with an industry. Mr. McCauley shows that in the first few months of the war there were five important strikes in aircraft factories, involving nearly twelve thousand persons. Four of these disputes resulted from demands for wage increases, and in no case did a strike last more than four days. In two instances they lasted only one and two days. I should like the committee to note this: in the fifth case nearly 1,200 workers struck for four days to enforce their demand that they be permitted to stop work in mid-afternoon to make tea.

Supposing that happened at the National Steel Car plant. What a cry would go up from one end of this dominion to the other! Why, I am afraid every member of the Canadian Manufacturers' Association would have died of a stroke of some kind. But in Great Britain they find solutions for these things. A compromise was reached in this case, when the management agreed to send tea tables around the assembly line. What do my hon. friends think of that? The fact of the matter is that in Great Britain organized labour, and in fact unorganized labour as well, have reached the stage where they say that if the employer can stop off for tea in the afternoon —and all British employers do—we have the right to stop off for tea also. I have for many years been connected with a trade union, and I remember occasions when the union of which I was an executive was negotiating an agreement with our employer, who was an Englishman. About four o'clock in the afternoon, in the midst of our discusssions, when very likely we were lambasting each other, he would say, "Gentlemen, would you like to have a cup of tea?"

I wish to say that the situation that exists in Great Britain has come about because organized labour is recognized; and, indeed, Mr. McCauley points that out in these words:

> **But the most important difference between the labour movements of the two countries—**

That is, between America and Great Britain.

> **—is that collective bargaining has been universally accepted in England as an essential condition of healthy industrial relations. Organized associations of trade unions are recognized and dealt with by organized associations** of employers. British industrialists are not **more tolerant than Americans, but they are more mature.**

In other words they are more civilized.

> **Britain years ago passed through her disruptive period of labour organization. The fear of labour as a subversive class has given way to the practical necessity of admitting labour's right to organize and to be treated as a respected element in the industrial community.**

Until employers in Canada, and the government of Canada, come to the same conclusion, that labour must be accepted as a respected element in the industrial community; until they are willing to make agreements with labour on the understanding that labour is

just as much interested in the welfare of the country as they are, and perhaps more so—until that time arrives, whether in war or in so-called peace, we can have nothing but industrial unrest.

I do not know if it is necessary for me to say any more on this matter, but I plead with the Prime Minister, because after all he is responsible. Some people tell me that I am foolish in appealing to him; they say he was the originator of company unionism on the American continent. But I leave that aside and plead with the Prime Minister to take stock of his Department of Labour, to try so to organize that department that it can obtain the cooperation and the respect of the organized labour movement in the Dominion of Canada.

Mrs. DORISE W. NIELSEN (North Battleford): I feel that I should take a few moments to support much of what has been said by the hon. member who has just taken his seat (Mr. MacInnis). It seems to me there is no question in Canada at this time which is of greater importance to the ordinary people than that of the relationship betwen industry and labour, and the amount of work that can be accomplished during the difficult days that lie ahead. It is all very well to put our trust in armed force; but to-day, in the type of battle that we are waging, no armed force is going to win a victory unless it has the necessary supplies, which the industrial army alone can provide. We have these two great forces, the workers and private industry, or the employers; and it is of the greatest importance to the nation at large that harmony should prevail between these forces if the greatest possible amount of work is to be accomplished.

As has been stated already by other hon. members, there is widespread dissatisfaction among the working people of this country. Labour has pledged its support unequivocally; time and again it has said there should be only one consideration in mind, that everything possible should be done. Not only has labour made statements; I am told by some men employed in war industries that the workers have taken it upon themselves to form in the various industries committees which discuss ways and means of increasing production in the various plants. They also consider methods by which they may eliminate waste, so that everything possible may be done to assist the war effort. Certainly it is something that should be appreciated, when we see the workers themselves taking the initiative in this drive for greater production.

I have listened to the reports presented in the house by the various ministers, particularly the Minister of Munitions and Supply and the Minister of Labour. These reports have been interesting; numbers of figures have been given with regard to production, with regard to labour and so on. But I must say that there is a great difference between listening to the ministers report to the house and going around the country talking to people who themselves work in factories. During the past summer I travelled over a considerable part of this country. I talked to a number of trade union leaders; I was a visitor at the two trade union congresses, and I listened to and talked with those who, with their strength, their power, their initiative and ability and skill, do the actual physical labour that has to be done. And I know that from one end of Canada to the other there is a growing unrest, a growing feeling that the labouring people are not getting a square deal, are not receiving the consideration from this government which is theirs by right.

This has been stated before; it is not a new thought, but I consider that in a time like this it is a crime and a disgrace that after two years of war the government have not enlisted the services of more working people upon the boards which help in the direction and promotion of the war effort. There is a labour supply council acting as an advisory body. Beyond that, where do we find the workers from the factories, the mines and the shops? Where do we have them actually advising the government, giving their opinions, giving their points of view, giving some of the help I know they could give? Where do we find them helping to cut down the waste and speed up production?

There is no use trying to get away from it: among the working people of Canada there is a vast reservoir of potential energy, initiative, intelligence, and skill, and I would say most decidedly that the government is not taking the fullest opportunity to make the greatest use of that vast reservoir of competence and desire. Thinking over the situation as it exists to-day in Canada I would say that the greatest dam holding back the democratic will to action on the part of the working people is the control of private industry and its practical direction—I might say its sole direction—of the war effort.

I noticed a short time ago something Mr. Priestley is reported to have said in criticism of the British government. Mr. Priestley is well known to Canadians, because he has spoken over the radio to the Canadian and British peoples. He has a criticism of the

British government which I suggest could be applied with equal force to this one. In a brief paragraph he says:

Let me give you two examples that affect production. Firms doing essential war work are often allowed to think too much about what is going to happen to them after the war. They should be told brutally that such long-term planning now is disastrous, and that unless they concentrate entirely on the work in hand there may be no post-war for them.

To-day, in speaking to some of the trade union leaders across the country, and to some who come from the shipbuilding yards at Halifax and at the Pacific coast, I hear tales and stories of the men who check in in the morning and then idle their time away throughout the day because there is not sufficient for them to do. There has been a lack of planning, a lack of consideration by the government of the possibility of a full utilization of the workers' time. These are skilled men who want to work. There is nothing more demoralizing for a man than to stand around idly and not be able to get on with the task in which he has his whole heart and interest.

At the meeting of the trades and labour congress held this summer the representatives of the plumbers' and steamfitters' union were actually asking for a royal commission to inquire into waste and inefficiency at one of the Pacific coast shipbuilding yards. There was nothing but a desire on the part of the workers to eliminate some of the waste and to get on with the job which has to be done. While at the meeting of the congress I was given a brief which was submitted to the congress by the representatives of the Montreal aircraft workers, lodge No. 712. I should like to quote one or two paragraphs from that brief, because I believe it demonstrates first of all that the French-Canadian working people are just as solid as any other Canadians in their desire to give more than they are giving at the present time to the industry in which they are interested. I quote from the brief:

It has become evident to us that those in high places to-day have no formula for the winning of the war against Hitler. We present our views on the matter in the following statement, together with some of our proposals for the carrying out of a real campaign for victory. . . .

This war, especially as it affects us as workers and trade unionists, is a war of production—the difference between going forward to a better life, or of going backward to barbarism under the nazi heel.

This being the case, we in Canada can best serve our country and humanity by producing —for the brave British people and their allies—the greatest possible amount, in the shortest period of time, of all the armaments and munitions which we are capable of doing.

To this end every other consideration becomes subordinated—

Showing their desire at all costs to go ahead and give the maximum amount that they can do. It continues:

—even our very natural and healthy desire for improved social services, and a higher standard of living.

Anything or anybody who stands in the way of the production of war materials must be overcome or removed.

We in the aircraft industry in Montreal know that the production of planes is not a fraction of what it could be. We speak from our own experiences. . . .

There is the attitude of the employers toward the war effort. We have received the impression that certain of the employers in our industry are no longer interested in producing planes as fast as possible. Instead, they seem to be concentrating only on the possibilities of amassing huge profits.

Due to poor planning in production, mass loafing is enforced in certain spots. Often workers who are honestly anxious to get on with the job are forced, because they have no job to do, to read magazines or make trinkets for themselves.

Who is responsible for this state of affairs? . . .

Certainly it is not the employees.

The blame lies squarely on the shoulders of the manufacturers who, though they are themselves only learning how to produce planes in quantity, look with contempt on the workers who could supply the solution for 90 per cent of the trouble.

These people in the aircraft industry certainly want to give assistance, but they are being blocked by the owners, the industrialists who have sole control of the effort being made.

Certainly the workers in the steel industry are not working to the fullest capacity. There are times when the men in the steel and automobile industries are working only a few days in the week, and certainly are not working full time. In connection with the government's policy respecting labour it would seem that the industrialists of Canada who have control of the war effort, and of industry itself, are allowed to have such complete control. In many instances it becomes apparent to the workers that private industry in Canada is becoming more interested in the battle against labour forces than in the real battle against fascism.

The question of collective bargaining, which has already been discussed, is one which looms up as something of the greatest importance. At Kirkland Lake we have an instance of private industry in the shape of gold mining corporations versus the miners themselves. There has never been any question in my mind, or, I believe, in the mind of any thoughtful person, that the miners themselves are in any way disloyal. They have given their sons, and they have done everything

they could. It is simply that they feel that the democratic right which belongs to them is not receiving the attention and the protection this government should be prepared to give it. After all is said and done, no one can say to-day that the mining companies in northern Ontario are not receiving a fair share of war profits. I notice in an article appearing in the *Northern Miner* of June 14, 1941, that the dividend payments by Canadian mining companies for the first six months of this year, after deducting excess profits tax, reached the sum of $53,775,773, an increase of over a million dollars over the same period last year.

In his speech the Minister of Labour (Mr. McLarty) said that we are asking sacrifices of the workers. The workers are justified in asking this question: what sacrifices will the Minister of Labour ask private industry to make? If there is to be equality of sacrifice there is no reason why private industry should not be called upon to bear its share of the sacrifice. This thought has been expressed in certain editorials. I notice in the Fort Erie *Times-Review* some pertinent remarks with regard to the Kirkland Lake situation. This editorial, which is quite brief, reads:

> A great many self-appointed leaders of public opinion have been preaching on the subject of labour's duty to the country; have been insisting that, while this nation is at war, wage-earners have no right to strike; that any disagreement with employers must be composed by peaceful means which will not cause any interruption in production. In short, labour is told that its part in this war is to labour—under whatever conditions an employer chooses. To strike against such conditions is held to be a betrayal of the nation. But what is to be said of employers who have so little regard for the country's welfare or its war programme that they announce their unalterable opposition to the recognition of a union, and refuse to have anything to do with any conciliation proceedings unless they are first assured of having their own way—at least on that particular point at issue? Are men in the fighting forces and those in the ranks of labour the only ones who must make sacrifices in order that the war may be won? Must the worker make all the concessions—or be exposed to charges of disloyalty and sabotage—while the employer is free to sustain an intolerant, dictatorial manner with impunity, and without regard for the consequences of his arrogance?

This right of collective bargaining is something to which I am sure the Minister of Labour must give the most earnest consideration. The principle has been established already; I believe it was established back in 1919 by a royal commission. It was agreed to by the League of Nations and was covered by the treaties to which this government was a signatory. But it is not enough to have a principle enunciated. A short while ago I read a booklet on collective bargaining written by a very eminent Canadian lawyer, Mr. J. L. Cohen. He gave as a typical illustration the pedestrian versus the motorist. He said it was all very well to establish the principle that the pedestrian should have the right to cross the road and that the drivers of vehicles should not be allowed to speed and to take the life of pedestrians, but no government would be foolish enough to stop with just the declaration of that principle; it would be necessary to pass laws providing that vehicles must drive only a certain number of miles per hour, that pedestrians must be protected and so on.

In this struggle of the workers versus the employers, it is not enough to establish the principle, as P.C. 2685 does, that collective bargaining is agreed by the government to be correct; it is necessary that we should have laws to enforce the principle and to see to it that private industry does not ride roughshod over the democratic rights of the workers. If the labour policy of this government is not enforced by law, if the rights of the workers are not protected, then this government will go in the same direction that the government of Vichy went before the betrayal of the French people into the hands of nazism. Let us not travel in that direction. Let us not travel in the direction which limits and curtails the rights of our workers and leaves them unprotected. Let us travel in the other direction, the direction which Great Britain and the United States have taken, toward the protection of labour.

I plead with the Minister of Labour at this time. Before the house opened I went up to Kirkland Lake and spoke to hundreds of the women of that town, the wives of the miners and the business men. Those women are solidly behind the men in their desire to maintain peace in the town. They have no desire that their husbands should go out on strike. Nobody wants to go out on strike. The miners of Kirkland Lake have never wanted it. But if the gold mine owners are not curbed by governmental action, by governmental intervention, there will be nothing left for the workers but to retire to the last trench of democratic defence, which is the strike, and try to force democracy to function in this country. These women are afraid of the bloodshed and distress which may occur in Kirkland Lake, and yet I am happy to see that they stand solidly with their men in upholding the democratic rights of the workers.

As the hon. member for Vancouver East has indicated, much has been said in this country about the intervention of the Congress of

Industrial Organizations. The international president of the mine, mill and smelter workers' union, Mr. Reid Robinson, was held up for several hours when he attempted to enter Canada. He had intended to go to Kirkland Lake to speak to the miners there, but he was questioned for such a long period of time that he could not keep his engagement. This received some comment in the United States. In the *News* magazine of Toronto of November 1, 1941, their Washington correspondent remarks:

There may be blushes up there in that big dominion of yours soon over the deportation of Reid Robinson. The head of the international union of mine, mill and smelter workers is working on a programme which may make him a major contributor to the supply of vital armament to Britain.

Mr. Robinson is studying the copper situation. The article continues:

If the programme is as good as promised, Canada may find that in deporting Reid Robinson it deported a good friend of Britain and of its defence against naziism.

This talk against the C.I.O. unions and the work which they are doing had better be stopped. We are finding out that these unions are actually helping the defence projects in the United States. We should welcome anything of the kind that they can do instead of acting as we have done and trying to make out that they are disruptive and spoiling the war effort of this country.

There is no doubt that the working people can be forced to fight. The working people of Germany have been driven to fight. The working people of a democracy want to fight as free men and women. They should be given a chance to have some of the beauty and fineness of life which working people appreciate as much as others. The labour policy of this country is being criticized. To some extent we are being held up to ridicule in the United States of America. I do not know whether hon. members noticed the article which appeared this week in *PM* a magazine which has a large circulation in the United States. Under date of November 10 there is an article headed, "Canada Suppresses Labour to Fight People's War." I should like to read one paragraph to show what the people of the United States are reading about our government's labour policy. It is as follows:

Labour has been given no real representation in the determination of war policy, shaped by Liberal party functionaries and dollar a year industrialists.

While it has frozen wages and imposed other curbs on labour, the Canadian government has failed to enforce the declared right of workers to bargain collectively through unions of their own choice. After enunciating this right on June 20, 1940, the government has continued to disregard it, not only in private industry, but in its own war contracts and even in its own plants.

The article then goes on to say:

Canada has carried its war time restrictions to the point where they not only rip at the basic fabric of democracy, but threaten successful prosecution of the war against Hitler.

I would ask the Minister of Labour if at this time it is not all-important that our own Prime Minister and our own government should do everything to instil into the minds of the American people that Canada is leading the way in the western hemisphere. Articles such as this are followed with the report in Tuesday's paper that "Canada interns union leaders without trial"; and in Wednesday's paper that Franceschini, who had been interned, was freed; and in Thursday's paper that the Canadian mounties and the Minister of Justice teamed up on interning twelve union leaders. Of course the question of the internment of labour leaders does not come specifically under the Department of Labour but on the other hand you will find that the American people, especially their trade unions, are very much concerned about the policy of the Minister of Justice which has resulted in the internment of some of our labour leaders. In fact the concern over this in the United States is so great that a state representative of that country is going to intercede on behalf of one of the international unions leaders; that is in the case of Mr. Jackson.

It seems to me that all these things need to be considered so very much more by this government and that the expression of democracy with regard to our whole labour policy should be given with the fullest freedom. It is even said that certain conditions with regard to our labour movement are being used by the isolationist element in the United States with a view to preventing and impeding the fullest participation of the United States working people. This is something which I bring to the attention of the house. These articles have only recently been written, just this week, and I would advise hon. members to read them for themselves and judge whether the policy of our government with regard to labour is not going to have an adverse effect on the worker in the United States.

I would remind the minister that Mr. Bevin in England said:

Let bitterness and discontent get into the hearts of my army of workers and then, by God, we have lost the war.

The Minister of Labour, if he is close enough to the working people of this country, must realize that the government's policy with regard to labour and wage-freezing, which the majority of workers regard as the actual freezing of democracy, is beginning to have the effect of bitterness and discontent. I know the workers will go on. They know that if fascism should ever win, they will be the ones who will suffer and bear the brunt of repression. On the other hand I would beg and plead with the Minister of Labour to see that government policies allow the Canadian workers to fight in this war as free men and not as slaves.

Mr. CLARENCE GILLIS (Cape Breton South): It is rather difficult at this time to say anything on the question of labour that has not already been said by the hon. member for Vancouver East (Mr. MacInnis) or the hon. member who has just taken her seat (Mrs. Nielsen). But there are a few observations I wish to make.

On another occasion in this house I made the statement that I considered the Department of Labour the most important war department in government. While the Minister of National Defence and the Minister of Munitions and Supply have their own functions to perform with respect to organizing the defence machinery necessary to the prosecution of the war, the Minister of Labour has definitely under his department the job of organizing and mobilizing the workers of this country, who in the final analysis will produce the sinews of war without which the Department of Munitions and Supply and the Department of National Defence are helpless. I am disappointed that there are not more members in the house to take part in this discussion, because upon a clarification of the problems of the workers rests, in my opinion, the most necessary thing at this time with respect to this war prosecution about which so many talk.

I should like to make it clear that I do not look upon the Minister of Labour personally as an individual responsible for the present labour policy of the government. I realize that he is merely one of the instruments which are used by the government. The real government, I believe, does not sit in this house. They are on the outside of this house, those who direct the economy of this country, and the Minister of Labour is in the position of having to bring into this house legislation that was manufactured outside of the house.

I would like to introduce a new angle into this discussion of the government's labour policy. I have heard it stated many times, both outside and inside of the house, that the government has no labour policy, that it is merely following a haphazard course and endeavouring to meet problems as they arise. Personally I do not see it in that way. I believe that the government has a well-defined labour policy, one which has been carefully mapped out and which did not have its origin either this year or last year. As a basis for that statement, and in order to build my case around the legislation that has been passed up to the present time, I would draw the attention of the committee to an article in the last issue, September, 1941, of the *Canadian Forum*, written by a man who I think is fairly well informed on the problem he discusses. He is an economist, and has always taken an active interest in public affairs in this country. I am going to read only two short paragraphs, and from them I shall endeavour to prove that this government has a well-defined labour policy and is travelling on a road which it has clearly mapped out. The article is written by Mr. Eugene Forsey. He says in one paragraph:

> Mr. Tom Moore, in 1919, summed up Mr. King's plan in these words: "There are many ways of destroying trade unions, and they have nearly all been tried except the one of agreeing to them but seeing that they do not operate and function" (a reference to the "no discrimination" clause in the plan); "and this is the design of the plans which are based on the Rockefeller plan."

Further on he says:

> Mr. King has professed to regard his plan as introducing a "constitution" into industry. But the proviso, which he himself declared "essential", that the employees cannot choose "outsiders" to represent them, violates one of the basic principles of the British constitution: that the elector may choose his representative from anywhere he pleases, inside the constituency or outside it. That principle Mr. King should be the last to deny.

What do I see in this company unionism plan or shop committee plan which has been tried over a period of years both in this country and in the United States? Let me say in passing that it is stated that the Prime Minister of this country was the originator of this plan while he was employed by the Rockefeller people in the United States. Proceeding on the assumption that the article which I have quoted is correct, and I do so because the legislation which the Minister of Labour unfortunately has to defend in this house is travelling on exactly that road, P.C. 2685 in regard to this shop committee plan definitely sets out recognition of the principle of the right of the workers to organize. It is couched in very fine language. But it is the only order in council which has been passed by the government that has no

legal status. It is not obligatory under any conditions on the part of the operator to recognize a union of any kind. In that connection, they have recognized there in principle the right of the workers to organize; and, as Mr. Moore sets out, the only scheme which has not been tried is to render the movement impotent and not allow it to function. That is well exemplified in P.C. 7440, which follows the plan through by rendering the movement impotent—recognizing it in principle, but not allowing it to function. That order in council has definitely relegated to the background the recognized unions which have been doing collective bargaining over a long period, some of them as long as thirty years, signing agreements, working out their own conditions through committees conferring as between the union and the employer. The order in council has absolutely usurped the bargaining powers of these legitimate trade unions, to say nothing of the difficulties it has put in the way of those who are endeavouring to organize unions.

The main function of a union once it is set up is to bargain collectively with the employers on the basis of the ability of industry to pay. It has therefore a definite function to perform. But under P.C. 7440 the unions may no longer bargain with the employers. They consult the conciliation boards set up by the government. The order in council freezes wages, so taking away the normal function of the unions to bargain with the employer. This is why I say the legitimate trade union movement is rendered impotent. No longer do the unions negotiate; no longer do they sign agreements; no longer do their membership get a referendum vote as to whether or not an agreement is acceptable. All these were functions of unions in the past. But the trade union movement to-day is nothing more nor less than a dues-collecting agency.

In addition to taking away all the democratic functions which the unions exercised in the past, the government have taken away completely their right to settle grievances; they have usurped the powers of their grievance committees, by setting up, at least in Nova Scotia—and I assume the same thing has occurred in other parts of the country—a board which deals with grievances. Upon that board in Nova Scotia sit two representatives of the coal companies who have the final say in any matter which may be under dispute.

Mr. McLARTY: I do not follow the hon. member for Cape Breton South. To which board does he refer?

Mr. GILLIS: I do not know whether you call it the mediation board—I mean the board which was set up by a provincial conference in Halifax, under the Minister of Labour. There sit on that board, J. W. McLeod, district superintendent of the company, and A. W. Mathieson, another district superintendent.

Mr. McLARTY: The hon. member is not referring to any board appointed under the new order in council?

Mr. GILLIS: Oh, no. I mean that in accordance with principles laid down in order in council 7440, this mediation board is set up for the settlement of disputes, is given the final say in connection with these disputes, and there is no appeal from its decision, which rests with two superintendents of the company and one member of the union. They have the disposal of any grievance which may arise under the contract—

Mr. McLARTY: I do not wish to interrupt the hon. member, but is this a board of conciliation, or is it a board appointed by the government of Nova Scotia?

Mr. GILLIS: It is a board appointed by the government of Nova Scotia for the purpose of settling grievances, but it is in line with this order in council 7440. The fact of the matter is that that conference was held for the purpose of trying to work out some medium of settling grievances, and was based on this order in council 7440. The trade union movement, by the establishment of these company unions, has been rendered impotent; and as I see it, the policy which the Minister of Labour is here to defend is not his policy or the policy of parliament; it is a policy which was laid down some time between 1916 and 1918 in the United States with respect to the establishment of company unionism. We might as well understand that this policy is well defined, that this is the road which it is travelling, and that it has as its final objective the complete elimination of trade unionism as we have known and understood it in Canada during the past thirty years.

Following the plan through, the effect of order in council 7307 is to take the franchise completely away from the established unions. That was well exemplified in Kirkland Lake. They do not deliberately take away the ballot, but the order places upon the Minister of Labour or his department the responsibility of decision, and there are no regulations with respect to the taking of the ballot. He can do it in one way in this section, he can do it in another way in that section, as illustrated by the vote taken down in Windsor at the Ford plant, and that taken at Kirkland Lake. The vote at Kirkland Lake was in my opinion a deliberate attempt on somebody's part to befuddle the men there into voting for a company union. I read that ballot the other

day; and it would show a very high standard of intelligence for a group of men to go in there at a moment's notice, without having seen that ballot before, and cast a vote on that question. The vote at the Ford plant was absolutely fair. Yet it all goes to show that the Minister of Labour has in his hands, provided he wishes to exercise it, a complete dictatorship with respect to the question of the establishment of a union.

This trend of interference with the franchise is, to my mind, a very dangerous one at this time, and legislation on these lines is not in accordance with the laws of democracy. Many people out in the country are beginning to wonder whether we are not moving in the wrong direction by interfering with the vote for the establishment of democracy in industry.

In addition to that we have had the experience of the deliberate disfranchising of men in uniform in the last election in Nova Scotia. In that election not one man in uniform who was outside the province was enabled to vote. Many of our boys were training in Ontario, many others in New Brunswick, and many more were overseas in England, prepared to lay down their lives for democracy. Yet the government of Nova Scotia disfranchised these men and so deprived them of the very essence and basis of the democratic life. They were given no opportunity of saying who should represent them during the war or the aftermath of the war. This trend to belittle the franchise, to cast it on one side, either in the provincial election or under the provisions of this order in council, is in my opinion a dangerous tendency and one which should be checked immediately—that is if we expect the people to make the effort which we want them to make during the process of fighting this war.

Another matter to which I should like to call the minister's attention is the cost of living bonus, which comes within the province of his department. In fact it is not a cost of living bonus; if it were, a man would receive it whether he was working or not, because you are living seven days a week whether you are working or not, and the cost of living is exactly the same. The proper definition of this so-called cost of living bonus is that it is a steady work bonus, because you get it only for the days you work; it is based on the actual number of days you work. So that instead of being a cost of living bonus to offset increased living costs, it is a bonus based on your earnings and the number of days you work. That is how it operated in Nova Scotia. We had considerable difficulty there this summer. It is a long story which I do not want to resurrect here. It serves no purpose to rake old straw or open old sores.

I wish now to refer for a moment or two to the cost of living bonus. After a good deal of difficulty it was decided that a certain bonus would be paid. A delegation came here and waited on the government, and the war-time prices and trade board decreed that a certain bonus should be paid to the miners of Nova Scotia. What I am concerned about is that those who should have paid the bonus, the operators, did not pay a cent. The entire cost of paying that bonus to the miners was passed back to the already overtaxed consumer. The company was permitted by the war-time prices and trade board to increase the selling price of coal twenty-two cents a ton—that is, coal mined and sold in Nova Scotia—and therefore the burden of the bonus was placed upon the coal consumers in that province exclusively. The strange thing is that the only people that did get a bonus were the company. While the government decreed that there should be twenty-two cents a ton additional in the selling price of coal, the company increased the price twenty-five cents, so that the miners are paying back a portion of the bonus to themselves, the actual consuming public paying the rest of it. It would cost twenty-two cents a ton to offset the total cost, and the company charge twenty-five cents, so that they are receiving three cents a ton bonus on that coal mined and sold in Nova Scotia.

I understand that the government at that time was supposed to make an investigation into the ability of the company to pay, and to ascertain whether the set-up there at the present time, that is to say the link-up of the different companies, retarded in any way the negotiations of the miners' unions with the coal companies. I do not think these recommendations have ever been put into operation. In that particular instance the application of the cost of living bonus, or the steady-work bonus, which it really is, was passed back to the consumers, and the people who really got the bonus were the company.

There are many things which one might talk about this afternoon. I have no desire to keep the house in session; I have no desire to repeat anything that has already been said. There is, however, another question which I would bring to the attention of the minister. It may not come exclusively within his department; nevertheless it affects people that do come within the jurisdiction of the department.

Let me mention briefly order No. 68, consumers' credit regulations. This order sets out a long list of articles which, I take it, are to be regarded as luxuries.

Mr. McLARTY: Is the hon. member referring to an order in council?

Mr. GILLIS: No; I am referring to the regulations. The matter comes within the province of the war-time prices and trade board, but it has a definite relationship to the section of the country I come from, and I mention it because it restricts the lending companies in making loans for the purpose of enabling miners to purchase certain articles which are listed under the regulations. Loans are prohibited for the purpose of purchasing such necessities as bedding, springs and all that sort of thing, which are absolute household necessities. Throughout the whole of Nova Scotia, but very definitely in the section of the country I come from, there are credit union movements which are exclusively miner. In the past many of the people in that section have been aided by these credit unions. These people are on a weekly wage; their earnings are not large, and whenever they wanted to purchase furniture, bedding or other necessities of that sort, they were obliged, before the establishment of the unions, to go to some merchant and pay 25, 30 or 35 per cent more than they would if they were buying for cash. In that way they wasted a lot of money. By means of this credit union movement we have practically cured that situation and saved a considerable amount of money for our membership.

These credit unions are not lending institutions; they are formed for the purpose of establishing the credit of the small income groups who reside in the community, and they perform this definite function, that when a person wishes to purchase articles—many of them listed here—for $100 or $150, he goes to the credit union and gets a loan. He makes the purchase for cash, thus saving 25 or 30 per cent which he would pay if he were buying on the instalment plan. The loan is paid back to the credit union in small instalments at a low rate of interest, and that interest at the end of the year comes back to the miners themselves in the way of dividends. The whole turnover is in their own interests, and they really save a large amount of money in the purchasing of ordinary necessities for their homes, many of which necessities are listed in this order, No. 68, that has to do with consumers' credits.

I am wondering whether the Minister of Labour or the minister under whose department it comes exclusively will take this matter into consideration. I am reasonably sure, in fact I have been told, that this order applies to these credit unions, and the people who deal with the unions are therefore placed in an unenviable position. All that will be accomplished will be to drive them back to the condition from which they were rescued by this very movement, and the result will be that a good deal of money will be wasted through purchases on the instalment plan instead of through the medium of the credit union set-up.

May I now say a few words with regard to the situation in Kirkland Lake. I have been there; I have seen the place, and I know that the Minister of Labour is familiar with it. I know he is doing what he can with a view to arriving at a settlement. But the propaganda that appears in the press is not fair to the men in that section. I know that everyone in Kirkland Lake desires to see a settlement which will not disrupt the community. There are 26,000 or 27,000 people in the town of Kirkland Lake, surrounded by mines which will be affected in the event of a strike, and the entire life of the community will be disorganized, much damage done, and many sores opened up that will take a good deal of time to heal, if a satisfactory settlement is not reached. We find in the press from time to time the statement that something foreign is being injected into the situation there, that it is led by foreigners, outside organizations, and all that sort of thing. That is absolutely untrue. Every official of the union in Kirkland Lake is employed in or around the mines and is a resident of that town. The only man who has any relations outside, assisting the organization, is an administrator, working through the international union. I know him very well, and I can say that he is one of the most sensible, one of the sanest labour leaders in the dominion to-day. He has his feet on the ground; he knows where he is going, and if there is any difficulty or a strike in that section it will not be Tom McGuire's fault. It will not be the fault of the man who is endeavouring to assist the men there with their organization.

This propaganda about outsiders is most unfair, coming from such an industry. Many of the owners of that gold-mining industry, the people who draw the dividends, do not live in Canada. Some of them left the country and went to the Bahamas in order to avoid paying income tax. They have shirked their responsibility to this country. The local management who deal with the men have not, in my opinion, much more to say with regard to the management of the industry than I

have. Absentee ownership directing the industries of this country is, I think, largely responsible for the difficulties which the Minister of Labour and the government are having in connection with this question of union recognition.

As I see it, after thinking the matter over and reading this article by Forsey, the trend at this time is toward the usurpation of the legitimate trade union movement and the setting up of an organization in Canada based on the company union or employees' plan. I know personally that this does not work. In the city of Sydney they had in operation for a good many years a plant council, and there was nothing but trouble, turmoil, low wages, misery and degradation. About three years ago, under an act passed by the provincial government, the steel workers of Sydney were enabled to set up for themselves a legitimate bargaining agency. Since the establishment of that union they have increased their wages by 25 or 30 per cent. They have had harmonious relations with the employers, and have improved the whole life of the community. They are taking part in various activities throughout the section of the country in which they are organized, activities in which they never took part before, and I have not seen any strikes or heard of any difficulties. They have eliminated much of the prejudice and misunderstanding that existed previously.

This company union plan does not work. You find perhaps one per cent of the men acting on committees, going round with the foremen and becoming friendly with the superintendent. You have the other ninety-nine per cent sitting back disgruntled, knowing they are denied their legitimate rights to join a union, knowing that their grievances are not properly presented. They are fertile soil for anyone who wishes to come at any time and stir them up. In my opinion the proper way, and the only way, to establish harmonious relations between the employer and the employee is to get them together in a signed agreement, which gives recognition to the basic rights of the men themselves, which permits a committee of the men to meet with the operator and understand his problem, then go back to the men and explain the exact situation. That is the only way that can ever be done; and as long as we sit back, accept no responsibility, let the operator have his way—though he may be influenced and forced to adopt a certain attitude by people whose only connection with the industry is to check their dividend slips occasionally—we are going to have the situation that now exists.

[Mr. Gillis.]

I should like to see the Minister of Labour get tough, in any way he may consider necessary. We have a definite job to do in Canada. As has been stated many times in this house, civilization is on the brink of destruction. Hitler is not stopped yet, by a long shot. It is going to take everything we have in this country to stop him, so we must get together. We have passed laws giving certain rights to industrial workers. The minister has declared that industrial democracy should be more closely woven into the fabric of our industrial set-up in Canada. If he means that, then I think he should get tough when that becomes necessary. When the workers have followed the legal procedure provided by the government, bad as that procedure is, and hard as it is to follow, the government should step in. That procedure was followed in Kirkland Lake where the workers, after a vote, said, "We want collective bargaining." In this case I think the minister should do what Bevin would do in the old country; he should tell the operators, "This is democracy. They have voted; they have indicated what they want. They are legitimately entitled to it, so you sit down around a conference table and iron out this matter with your employees, or else." The minister has the machinery to enforce any such order. Wages have been frozen, and the workers must accept that situation. This was done by order in council and must be accepted by the workers, whether they like it or not. In Kirkland Lake, as in every other section of the country where labour is unorganized, the operators are defying the laws of the country; and if the government is not prepared to enforce its own laws, then I think we are headed for destruction.

Mr. A. W. ROEBUCK (Trinity): I would like to pay a tribute to the labouring population of this dominion for the way it is carrying on at the present time with reference to our war effort. Last night one hon. member said that he had attended the sittings of this house but so far had learned little. Of course that was his affair; it is sometimes hard to get a bright idea through a dull head. Surely no one could have sat in this house during the last few days, listening to the statements of the ministers, without learning something about what is going on in Canada.

My purpose at the moment is to pay tribute to the men and women who are doing perhaps more than any other class to bring success to British arms. We have enlisted a large army, navy and air force. The growth of our forces in the field is one of the most remarkable things in modern times. But perhaps even greater than our work in the field has been what we have accomplished

through the cooperation of management and labour in our factories. The statements that have been made indicate that the factories of Canada are now producing as much as fifty million rounds of small arms ammunition per month, and that in the course of the next few months that output will be trebled. When one considers that the armies of Hitler number only four or five million men, the importance of fifty million rounds per month, as part of Canada's contribution to the munitions of the allies, appears as of very great importance. We are producing more than a million artillery shells per month; we are building heavy artillery; we have launched as many as seventy-seven corvettes, of which we have actually delivered some fifty. We are turning out something like seventy million pounds of explosive per month. The clothing, the food and the supplies that we are sending across to our allies in England and Russia are playing a real part in the world war. I was impressed by the statement that since the commencement of this war Canada has shipped across the ocean and safely landed on the quays of Great Britain as many as 7,000 cargoes to warm the hearts and maintain the courage of our allies in Britain; that as much as 42,500,000 tons of freight has been transported across the sea from the factories and farms of Canada, carried by the shipping of the world, and convoyed in no small part by the Canadian navy.

I emphasize this because people are apt to lay too great stress—though not too great credit—on armed forces alone. My suggestion is that the effort which Canada is putting forth in her factories is even more important than the effort she is putting forth in the field.

In that connection, I wish to pay tribute to the workers of Canada. There is not very much difference between the man who fires off the shell and the man who manufactures it, or the man who turns it in a lathe. Both are necessary to the final result. Perhaps the man who makes the shell is the more important of the two, because it certainly cannot be fired off if it is not made. Anything which interrupts our war effort in the factories is a matter of supreme importance to the Canadian people.

I want to say something about the attitude which should be adopted toward labour and the working people. It has been my fortune in the past, as attorney general of Ontario, to control the police forces of that province. I have been minister of labour of Ontario, and I know something about the difficulties which face a minister of labour. I know the forces which are ever driving him to drastic action.

I have forgotten which one of the previous speakers referred to compulsion. He said that in his judgment all the compulsion was against the workers. That was an exaggeration; it has not been quite in line with my experience. It is true that the fixing of wage levels is a very serious action on the part of the government. I shall watch with a great deal of care and interest how it works out. The new rules made by the order in council are to be judged, not in advance by one's imagination but rather in retrospect, after they have been in force for perhaps six months. I say that because their success or failure, their advantage or disadvantage to the worker, will depend in large part upon their administration.

When the freezing of wages was announced I was concerned. I called upon one of the men in the Department of Labour, a very well-informed official of the government, and expressed to him my concern. I said to him, "The government is taking the place of the unions; the government will cripple the organization of the unions, if it proceeds to freeze wages." I got some comfort from this man. He pointed out to me that there are in Canada what he called depressed areas, places where wages are abnormally low. He might have gone farther and said that there are spots all over Canada where wages are altogether too low. He mentioned certain depressed areas in Canada where wages are outrageously low, and recalled the fact that wages generally are based on the lowest wages paid, and that if you can raise the mud sills, you raise the entire structure. He pointed out to me that the new order in council provided for regional boards, with powers of investigation, and fairly wide powers of compulsion in the matter of payment. He expressed the hope that in the comparatively short time in which the legislation would be in effect, it would bring to light conditions which to-day are under cover, and might, he hoped—and I hope, too,—bring about their rectification.

Labour will overlook an opportunity if it does not require the regional boards to make the inquiries permitted by the order in council, and so create a condition whereby wages in the depressed areas will be forced up. It will then become less difficult to raise the wages throughout the country generally when the legislation disappears.

Speaking to some of my unionist friends at a great union meeting in Toronto recently, I said that this was their opportunity, and that if they allowed their organizations to go to pieces on account of paternal legislation at present temporarily in effect, they would do a great disservice to the Canadian people. They

must hold their organizations now, if ever, and thus prepare for the time when the soldiers will be marching home, and the munitions factories will be emptying their staffs upon the streets.

That will be the testing time of Canadian labour. Labour should be preparing for that day. But we cannot prepare by making extravagant statements. I deplore at this above all times any show of anger. Compulsion has been placed upon labour, it is true, in connection with the increase of wages. But to my knowledge there has also been compulsion with respect to employers.

I had the honour of being nominated by the running trades of the railroads of Canada, comprising some 125,000 men, to sit on a conciliation board whose duty it was to interpret order in council P.C. 7440. I may confess now that the majority of the board decided against labour, and in favour of the contention offered by the railroads. Naturally I took the side of labour; and I look back with pleasure upon the fact that though the majority of the board had disagreed with me, the government of Canada agreed with me, and settled the matter by order in council. Compulsion was brought upon the railroads, and to-day the railroads are paying the bonus to something like 125,000 railway working men.

Therefore do not let us be too extravagant in our condemnations. May I point out to the committee that probably the toughest job any man in the parliament of Canada has held in the last two years has been that of the Minister of Labour. I believe I may say that sweepingly, because he is dealing with men, not with machines. He is dealing with human beings who react to treatment, and he must be wise in his actions.

We talk about compulsion; I know something about it. I remember when the government of Ontario was pushed into action because people were striking, and sent tanks, barbed wire and machine guns to Stratford, in the quiet province of Ontario. Oh, yes, they suppressed the strike to some extent; but they left a wound in that city and neighbourhood which has not yet healed. The people who were responsible for that despotic action are still looked upon with anger and dislike by the labouring people of this country.

There are those who would like the Minister of Labour for Canada to call upon the police or the soldiery. It was suggested to me that the strike at St. Catharines could have been settled by simply putting in the volunteers. I objected and said, "You do not suggest that in this industrial province of Ontario we should coerce the working people at the point of the bayonet." The answer was, "Why do you not back up a few buses and carry off the leaders?" These are thoughts that are actually abroad. They are pressed upon the authorities. It is urged that action of that kind be taken.

While there may be criticism here and there, and discussion is good, the fact remains that the Department of Labour of Canada has resisted that policy. So far it has been able to get along, perhaps not one hundred per cent, and our factories in consequence are running, men are working, and products are developed and shipped across the sea. A little conciliation, kindness and understanding, even though that method may be slow, will win in the end as against more drastic methods.

We hear that there are no strikes in England. I noticed in a recent issue of the British *Labour Gazette* that some 285,000 man-days had been lost in Great Britain in a single month. No such losses have been occasioned here, but of course our population is not so large. Mr. Bevin has said that they have "practically no strikes." By that he means that the situation could be so much worse that a loss of 285,000 man-days is practically nothing. If Mr. Bevin can say that with respect to the labouring classes of Great Britain, our Minister of Labour can say it with much greater force with regard to the working people of the Dominion of Canada. I pay tribute to the patriotic way in which workmen are refusing to discuss minor matters in order that they may not overlook the important ones.

We hear references to compulsion, and I have just one more remark to make. A man is to be judged, not entirely by the things he does, but also by the mistakes he avoids, the things he does not do although tempted to do, the things which he might be forced into doing but resists. In the last few months we had the spectacle of the premier of Ontario bringing the wives and daughters of farmers to act as strike-breakers in Toronto, in order to beat some tomato factory workers in the east end of the city. The plea was made that the tomato crop was being saved, but as a matter of fact what was being saved was an increase of 2½ cents an hour to the workers in that factory, and recognition by the employers of the union chosen by those poor people.

Sometimes it is good to make comparisons. In all the stress of this war there has been nothing of that kind to be charged against the Department of Labour of the Dominion of Canada. It has been said that sometimes they are slow, but there is virtue in deliberation.

Steadily, quietly and sympathetically we have carried on the industry of Canada. We have raised the Canadian contribution to a point that is even greater than that of the United States, if we count out the production of aeroplanes. We are not in position to make many aeroplanes, and, excluding aeroplanes, the munitions of war which we have produced in Canada have been greater than the production of the United States. That is a startling statement, but it is true. It is due to the wisdom with which we are treating labour, to the hope which labour has of better things in the future and to the patriotism of working people.

Mr. DOUGLAS (Weyburn): Before the minister makes his statement, I should like to draw his attention to a rather disconcerting statement which appeared in the press. I do this because as Minister of Labour he is responsible for the protection of the working classes of this country and because he represents the constituency in this house in which Windsor is located. I quote from the Montreal *Gazette* of November 11, as follows:

> Windsor, Ontario, November 10—Job seekers cannot get work in Windsor factories unless they have obligated themselves to subscribe "for a fair proportion" of war savings certificates, according to Donald W. McGregor, chairman of the local war weapons committee.
>
> He said that Windsor is confident it will go over the top in the present drive to gain subscribers for war savings certificates and termed "an ace in the hole" the fact that unless job seekers can show badges showing them to be subscribers they cannot get work.

The minister said something about being opposed to compulsion, but this certainly is the most discriminatory form of compulsion. For the last two years when the budget was brought down this group asked the government to institute a compulsory non-interest bearing loan. The government refused to do this upon the ground that it did not desire to use compulsion and levy upon the basis of ability to pay, but preferred to finance the war by means of voluntary contributions, not upon the basis of an ability to pay but upon the basis of a person's sense of patriotism and responsibility. According to this article there has been a conscription of wealth, but conscription from those earning the least.

I have no reason to believe that the action mentioned in this article is not being carried out. Mr. McGregor, the gentleman in charge of the war weapons committee, must be a fairly reputable citizen, and he would hardly give this statement to the press unless it were correct. If we are to use this bludgeon upon the workers and say that they cannot get jobs unless they are prepared to pledge what he calls a fair proportion of their wages to purchase war savings certificates, then the working groups in the city of Windsor are not being adequately protected. I wish the minister would give some attention to this. He may care to say something about it when he is making his general remarks.

Mr. McKINNON (Kenora-Rainy River): When the minister is making his statement I wish he would endeavour to give us a review of the youth training scheme and how it has worked out. A ceiling has been placed upon salaries and wages and upon what is paid to men in executive positions, and I should like to know why professional fees have not been included.

Mr. SHAW: I should like to have some information from the minister as to the division of authority as between the provincial government and the federal government in connection with the enforcement of conditions of employment, hours of labour, rates of pay and so on as they affect contractors carrying on federal government work in the provinces.

Mr. McLARTY: Mr. Chairman, I think the last two statements, while they were most brief, involve a wider discussion than almost anything else that has been said in this debate. It was my thought, and I think it was that of the committee generally, that after I had made my statement questions might quite properly be asked. I suppose it is an entirely unusual and improper attitude for a minister to take to say that he has been rather disappointed that more questions have not been asked.

Mr. MacINNIS: We have not finished yet.

Mr. McLARTY: I shall be very glad if they are asked later. Perhaps I should make a statement, not too detailed, in connection with some of the observations that have been made. My statement will require to be less detailed on account of the address of the hon. member for Trinity, who dealt with some of the observations that I propose to make.

I would say this, that speaking generally, I cannot help paying definite tribute to labour in this country for the splendid manner in which they are carrying on their war effort. That is illustrated by the figures we have, strike figures for the month of October. These figures show that in that month we had fewer strikes than we have had in any month for some years. I think perhaps they may rival any in the history of this country. I should like to place them on record because

they are, I believe, impressive. There were—and I am speaking from recollection—in the month of October, 750 men on strike, and the number of man-days lost was fewer than 1,500. This means less than two days per man for each man who was involved in a labour dispute. If that is resolved into terms of percentages, the percentage would be so small in relation to the total working population that it would be almost ridiculous to discuss it. I mention that figure again for this reason. It is a tribute not only to the working people of Canada but to those who are the responsible labour leaders in this country.

It has been suggested that in orders in council which this government has passed where penalties have been involved, we have put the penalties against labour but not against industry. In order that that question might receive consideration from this committee I have had a statement prepared. In the nine orders in council which we have passed since the war started, two provide penalties for both employers and employees, six for employers only, and only one for employees only.

Mr. MacINNIS: Which are these orders?

Mr. McLARTY: Would the hon. member like me to read them?

Mr. MacINNIS: I should at least like to get the numbers or the titles of the orders in council.

Mr. McLARTY: P.C. 3495 of November 7, 1939, which extends the Industrial Disputes Investigation Act to cover all industries; P.C. 6286, of November 7, 1940; P.C. 4642, of June 25, 1941, which is the labour enticement order; P.C. 3884 was repealed and replaced—the fair wages order; P.C. 4758, of June 27, 1941, dealing with the reinstatement of returned soldiers in employment, providing penalties on the employer; P.C. 4844, of July 2, 1941, setting up the industrial disputes inquiry commission and containing provisions against discrimination on account of union membership; P.C. 7307; P.C. 7679, of October 4, 1941, which is the new order with regard to minimum wages in war industries; and the wage stabilization order in council of October 24, 1940.

The point I wish to make is that the suggestion that penalties have been put on labour but have not been put on industry are absolutely refuted by these very facts themselves.

The suggestion has been made that in the recent order in council we are what is called "freezing" wages. The word "freezing" is an unfortunate term. It suggests a static condition that is incapable of change. That condition does not exist in that order in council. If wages are low, they may be increased. If they are not fair and reasonable, they are not frozen.

We are setting up a national organization, a national war labour board, to which any man or any organization may apply, in order to ensure that there is no freezing, and that the condition that fair wages shall prevail shall be the order of the day. We are not doing this with the idea of putting a ceiling on wages. We are doing it with this idea in view, that we want to make real and nominal wages one and the same thing. In the statement I gave to this house a short time ago I pointed out the condition that arose in the last war. I pointed out that the cost of living inevitably rose higher and faster than wages, and that it was in the interests of the wage-earners of this country—not to hurt them, not to hold them down—but to assist in their actual real purchasing power that that order in council was passed.

The hon. member for Kenora-Rainy River mentioned the war emergency training programme. We are substantially ahead of our programme in the training for war industries. Speaking from recollection, I believe the estimate for this year, made about a year ago, of those who would be trained in the vocational schools, for example, was 50,000. It will run over 60,000 for the current year. Further, based on 803 plants canvassed, industry is training, under the direction of the Department of Labour, an additional 70,000. In addition to that, the bureau of technical training, under the capable chairmanship of Mr. Little, is training through the newsprint industry, the utilities industry and the mines industry, other workers who either will take their place in war industry or will allow present employees in these industries to take their place in war industry, to be replaced by those now in training. In other words, the training programme is moving along in a splendid manner.

May I refer for a moment to unemployment insurance. That, as hon. members know, came into force on the 1st of July last. The number of books taken out by 143,000 employers is in the neighbourhood of 2,700,000. Up to date there has been collected in excess of $14,000,000 for that fund. In fact, the interest in that fund, invested in government securities, which assists our war-time effort, is in excess of $16,000. I mention that because I think it will be of interest to the members of this house.

Might I say one or two things in connection with remarks which have been made. The hon. member for Vancouver East asked which union we recognized in the National Steel Car corporation. At the present time the situation is this. There are two unions there. One is the

steel workers' organization of Canada and the other is the employees' association. But I would not wish the hon. member to get the belief that that employees' association is a company union. There is no preference shown to either union. Neither one has premises in the plant. They are both organized on their own, on a self-sustaining basis, and in the matter of actual contact there is no discrimination shown as between them. I am advised that the employees' association has more members than the steel workers' organizing committee, but as to whether or not that is correct I am not definitely prepared to say.

May I refer to the observations of the hon. member for Cape Breton South relative to Kirkland Lake? I think it would be inopportune for me to deal with that under present circumstances, because I have requested both employers and employees—the operators and the members of the union—to come here on Monday next. I believe that any statement which I made in connection with the hon. member's remarks might not assist but perhaps retard any effort, which I trust will be successful, to come to a conclusion that will avoid a strike.

I do not know that there is a great deal more which I need to say. As the hon. member for Vancouver East said, there may be some other questions, and I shall be glad to deal with them, but I do not wish to open a wide range of subjects which have not hitherto been referred to.

Mr. DOUGLAS (Weyburn): May I ask the minister again with reference to the statement which I brought to his attention. Are employers to be allowed to carry on that programme?

Mr. McLARTY: I intended to reply to the question of the hon. member for Weyburn, and I apologize for not having done so. I have not seen the article. I have not heard that Mr. McGregor, who is an estimable citizen, as my hon. friend has suggested, and is carrying on the war savings campaign for the Department of Finance in Windsor, has made the statement. It does not exactly horrify me if he had. On the other hand—

Mr. DOUGLAS (Weyburn): It should.

Mr. McLARTY: I should like to make sure that he has. I do not suggest that no man should obtain a position unless he buys war savings certificates. I have, however, a little sympathy with those who are trying to promote the sale of these certificates. I do not think the purchase of these should be made a condition of employment; it should not; let us admit that quite freely and frankly. On the other hand, I suppose it is one of those methods of promotion which is adopted by those who perhaps are a little more zealous for the sale of war savings certificates, which are to the advantage of this country.

Mr. JOHNSTON (Bow River): It is a very poor method.

Mr. SHAW: Would the minister care to deal with the matter which I brought up a few moments ago, having to do with a division of authority as between the provincial governments and the federal government with regard to certain matters such as rates of pay to men, such as truckers and others, engaged on federal government projects in the provinces?

Mr. McLARTY: I do not think there is any division of opinion as to the appropriate authority of the dominion and of the provinces in this matter. In so far as they are dominion government projects, the dominion government has the sole jurisdiction as to rates of wages paid and working conditions in connection with those contracts. In other words, wages generally speaking, are a provincial responsibility. But in the case of dominion government projects the dominion government has the authority.

Mr. SHAW: Has the authority to enforce provincial rates been delegated to any provincial government up to the present time?

Mr. McLARTY: If they are provincial rates, there would be no need of delegation. Do I understand the hon. member to suggest that the dominion government has delegated to the provinces the right to fix rates in connection with dominion government projects?

Mr. SHAW: No. But in some provinces they have minimum rates of pay for certain types of work. If a contractor takes a dominion government contract in a province where those legal rates prevail, must the contractor pay those rates? That is really what I want to know.

Mr. McLARTY: The answer is, very definitely, yes, the dominion rates. Primarily, of course, the matter of wages is a provincial responsibility, it being a matter of property and civil rights. But in connection with dominion projects the dominion is responsible in fixing those rates, and as far as I am aware there has been no delegation of any authority to any province to fix these rates in connection with dominion government contracts in any province.

Mr. MacINNIS: In my opinion the minister looks altogether too leniently upon the action referred to by the hon. member for Weyburn. This is blackmail—quite definitely so. When

a promoter or a salesman of anything—I do not care what it is, whether it is war savings certificates, or blankets, or something else—says to a person, "You have to buy so much or you are not going to get a job", it is blackmail. Remember that when it is applied to workers it is particularly serious, because the job is the worker's life; it is his livelihood; if he does not get a job, he starves. Yet, regardless of his circumstances, he is compelled to subscribe to so many war savings certificates before he can go to work. After all, this is a free country, or it was until quite recently. This man is paying the taxes which have been deemed right and sufficient by the government of Canada. After he has paid those taxes it is no one's business what he is going to subscribe to, and it should not be made a condition of his getting a job. What would happen if the government of Canada were to say through someone—and if the government allows it the government is saying it—that before a contractor shall get a contract he must undertake to buy so many war bonds or war savings certificates? The Minister of Labour should make a statement here that such a thing will not be allowed, and that if it has been made a condition of employment at Windsor or at any other city it must be discontinued forthwith. The minister owes a statement of that kind to the committee.

Mr. McLARTY: Mr. Chairman, I think that when an hon. member uses the word "blackmail" he is probably going entirely outside the intention which would be behind this action. "Blackmail" suggests very definitely some personal advantage which is accruing to the blackmailer. In this case the chairman of the war savings certificates committee is trying to sell war savings certificates for the benefit of the government and the people of Canada. To call it "blackmail" is hardly fair to him. There may be a difference of opinion as to the desirability of having it done, but to suggest that the chairman of the war savings certificates committee, because he is endeavouring—perhaps unduly—to promote the sale of war savings certificates, is guilty of blackmail, is something which I do not believe will appeal to this committee.

Mr. CASSELMAN: "Coercion"!

Mr. McLARTY: I have dealt with the matter of coercion, and I do not think I need go into that at length. Before making a statement to the committee on this matter I should like to get some actual facts. I have seen in newspapers accounts which may be a little highly coloured, and probably this is highly coloured. I would say now that I seriously question if it is a condition precedent to any man obtaining a position in Windsor that he has to buy war savings certificates, and although I have read the statement in the press I would want more confirmation of it than the article now read. I quite agree that no such condition should be attached to a man's getting employment.

Mr. JOHNSTON (Bow River): If it is true, the minister would not permit it?

Mr. McLARTY: As to the matter of permission, I do not know that that would come within my authority. I would say it should not be made a condition precedent to obtaining employment; that is all.

Mr. NICHOLSON: A project was begun in my constituency this summer by the Department of Agriculture under the prairie farm rehabilitation branch. Representations were made to me that while a rate of thirty cents an hour was paid to unskilled workers, certain groups of workers who came from Regina were paid forty cents an hour for the same kind of work. I brought the matter to the attention of both the Department of Labour and the Department of Agriculture, and I have been advised by the Department of Labour that some clauses will be put into force in connection with rates of pay. The attitude of the Department of Agriculture was that they did not want to pay wages which would interfere with wages paid to farm help. That is a policy which is open to some criticism. Agriculture is in a depressed condition throughout Canada and particularly in the west, but that is not a good argument for paying men who are unemployed in towns a large part of the year a very low wage because farmers roundabout always pay very low wages when farm prices are at low levels. Can the minister make a statement as to the policy that will be carried out in connection with projects that are being carried on by departments of the government?

Mr. McLARTY: This is the first time that the matter has been brought to my attention. When the hon. member speaks of a policy, I believe his question is more or less confined to the Prairie Farm Rehabilitation Act. If I remember correctly, I do not think the Department of Labour has any specific policy with reference to that. The only general policy, so far as wages are concerned, which we have that would be applicable is the minimum wage law, which applies to all dominion projects.

Mr. NICHOLSON: What are the rates?

Mr. McLARTY: For men we increased the rate from thirty to thirty-five cents and for women the rate was increased from twenty to twenty-five cents.

Mr. WRIGHT: Will this minimum wage law apply to a company supplying goods to the government? Take a lumber company selling 25 per cent of their output to the dominion. Would the minimum wage law apply to that?

Mr. McLARTY: Yes; if they were selling that amount, the minimum wage law would apply.

Mr. WRIGHT: The minister has made certain statements which I think are creditable. He said that it is fair to say that the Department of Labour has in every way sought, first, to protect every worker by establishing fair wage standards and to prevent industrial strikes, and second, to protect the lower paid workers against the attempts of unscrupulous employers to deny them the minimum compensation to which they are entitled. We have in operation in northeastern Saskatchewan a lumber company which I believe is the largest company of the kind in the province, the B. F. Harris company. They not only operate their own limits but buy a considerable amount from other operators in the district. They have a minimum wage rate of 22½ cents an hour plus the cost of living bonus. They work their employees on double shift, twelve hours in each shift. Seventy per cent of their employees are receiving less than thirty cents an hour and 70 per cent of the employees are working a twelve-hour shift. This company are not only selling their own products, but buying from the smaller operators in the district on the basis of the present fixed prices for lumber in this country. At the same time, according to the information I have, they are exporting approximately 50 per cent of their products and receiving for that, according to the Minister of Munitions and Supply yesterday, 20 to 40 per cent more than the domestic price. If my information is correct, they are also selling to the government 20 to 25 per cent of their output. What action does the minister propose to take in such a case?

Mr. McLARTY: I know that the hon. member will not expect me to pass judgment on the particular circumstances of an individual case such as that. All I can say is that I shall be glad to have the matter investigated and checked up in order to see what can be done to bring it into line, assuming, as he suggests, that it is out of line.

Mr. ESLING: May I ask the Prime Minister if there is a prospective remedy for a situation recited by one of my local legions with respect to citizenship? In the government's recruiting campaign a warm welcome was extended to those from other countries who wanted to enlist in the Canadian forces. I believe it was prior to July, 1940, that they were required to take the oath of allegiance, but subsequently to that date they merely give an undertaking that they desire to serve with the Canadian forces. The case in point is that of a soldier from the United States who apparently enlisted prior to July, 1940, and was recently discharged as medically unfit. He returned to my district and then attempted to cross the line to the state from which he came, but the immigration officials there refused him admittance and apparently, from inquiries I have made, the only possible way in which he can cross the line is to proceed to the coast and secure from the United States consul an immigration visa. This is quite an expense to him, perhaps $50 or $75, and it does not seem like a very generous recognition of one who offered his services to this country. The point is that to-day he is without any citizenship, a man without a country; he is neither a United States citizien nor a citizen of Canada. While such matters rest entirely with the United States government, I was wondering whether the Prime Minister would take the case up with the United States immigration authorities with a view to securing retroactive action with respect to those who enlisted in the Canadian forces prior to July, 1940.

Mr. MACKENZIE KING: I shall be glad to meet the hon. member's request to see whether the matter is one which can be dealt with by the United States authorities in conjunction with our own. It is an individual case that requires looking into, and I should hope that it would be dealt with sympathetically.

While I am on my feet, may I say that immediately after eight o'clock the Minister of Finance will make his statement on the question of the cost of living bonus in relation to dependents' allowances, veterans' allowances and allied matters. I think we might have it understood that after the minister's statement has been made the time will have arrived when hon. members may regard themselves as free to talk in committee on anything.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

STATEMENT OF MINISTER OF FINANCE IN RESPECT OF VARIOUS WAR ALLOWANCES

Hon. J. L. ILSLEY (Minister of Finance): Mr. Chairman, during the late summer and early fall months the government has received numerous representations from individuals

and organizations in various parts of the country suggesting that in view of the rising cost of living steps should be taken to provide cost of living bonuses for persons receiving pensions or allowances of various kinds, representing in some cases payments for services being rendered or something in the nature of awards for services rendered in the past, or, in other cases, awards or payments made on the basis of need. In most cases I believe that these representations were made not so much because of existing conditions but rather in anticipation of a continuing rise in prices and the cost of living. I am glad to say that since the policy of establishing a general ceiling over the prices of commodities, rents and services, and of stabilizing wages, was announced, there has been a noticeable falling off in the number of these representations. This is another of the strong arguments for the price and wage stabilization policy adopted by the government, because I think it was primarily the fear that the cost of living would be allowed to go spiralling upward that caused so much anxiety, so much sense of insecurity and of impending hardship on the part of recipients of small fixed incomes. However, I want to assure the committee that all these representations have been the subject of very careful study over a period of several months; and it is the results of these studies and our conclusions therefrom that I wish to announce to-night.

First I will take up dependents' allowances. In the field of allowances paid to soldiers' dependents, the government believes a real case has been made for some remedial action.

When the present scale of allowances was adopted at the outbreak of war, the allowances were deliberately made high in order to take account of the fact that during the course of the war there would undoubtedly be a rise in prices and in the cost of living. Experience, however, has shown that while they are adequate for most dependents, there are certain cases where undue hardship results, particularly in the case of families which have more than two children.

The government therefore proposes, in the case of personnel below the rank of warrant officer class 1, to provide an additional allowance of $9 for the third child, and an additional allowance of $6 for the fourth child. This would mean that the total allowance for a wife with three children would be increased to $68, which with $20 assigned pay, makes a total of $88 per month; and the total allowance for a wife with four or more children would be increased to $74, which with $20 assigned pay, would make a total of $94 per month.

We do not propose to make any additional allowance in respect to children beyond the fourth child, because we believe that definite steps should be taken to discourage the recruiting of men with large families.

What I have said applies to dependents of men in the army and air force, whose allowances are paid by the dependents' allowance board. The allowances to dependents of men in the naval services are paid directly by the Department of National Defence for Naval Services and on a different scale and principle. The question of making adjustments applicable to the naval services will be gone into promptly, and such changes as may be found to be appropriate will be made.

We have also thought it desirable to provide that in certain cases, and in accordance with methods which I will later explain, dependent mothers should receive an increase in the allowance paid them up to 25 per cent of the present allowance. It will be recalled that while the allowance paid to a wife is $35, that to a mother is now only $20, and it appears to be true, in some cases at least, that this differential is too great. Provision will also be made under certain conditions to prevent the mother from being penalized if she is willing to work and make some modest earnings.

It is estimated that these changes will provide benefits for approximately one-third of the present recipients, at an estimated cost of from $8,000,000 to $9,000,000 per annum.

It is very difficult at the present time to make detailed comparisons of the total pay and allowances under these new scales with the rates in effect in Britain and Australia, because complicated changes have recently been made in the systems in both those countries, and I have not sufficient information to make a proper comparison. However, at least until recently the rates of pay plus allowances in south Africa were the highest of any of the English-speaking countries, and the following table shows how the Canadian rates of pay and allowances with the present changes compare with the south African rates:

	Canada	South Africa
Private and mother.....	$ 64	$46.20
Private and wife.....	74	52.80
Private, wife and 1 child.....	86	59.40
Private, wife and 2 children..	98	66.00
Private, wife and 3 children..	107	72.60
Private, wife and 4 children..	113	85.80

A private in the United States army receives pay of $40 a month after one year's service, which compares with $39 a month pay in the Canadian Army, but the United States as yet makes no provision for the soldier's dependents. In the last war, a private in the Canadian Army received pay of $1.10 a day, or $33 a month; his wife received a separation allowance at the rate of $30 per month at the end of that war, and I may add that this was

at a time when the cost of living price level was very much higher than it is to-day. There were no allowances for children, but the Patriotic fund provided assistance on the basis of family needs.

Even with these changes there will be special cases of difficulty which will require special treatment. The government is determined to afford the most adequate protection to all soldiers' dependents, and, after going most fully into the matter, they have found that the problem is not just a matter of financial assistance, which is susceptible of treatment by any uniform rule. There are special cases involving special or emergency consideration and special forms of assistance, as, for instance, when the family has had the misfortune of serious illness with heavy medical expenses, or when there are older children deserving special training or education, or when the family is large, or the difficult case of the change in status of a dependent mother when the son marries. Such special conditions create special needs which cannot be covered by any reasonable change in the standard rates and require assistance which will vary with the size of the family, conditions in the particular locality, and other special circumstances. The government therefore has tried to find some way to bring into play all the administrative resources available in the country so that the dependents of our men overseas should be given protection and service suited to the circumstances of the particular case.

We have therefore concluded that we should make provision for what might be called a war allowances adjustment fund, the moneys to be provided by a grant from the treasury under the War Appropriation Act, and that this fund should be administered by a national board of trustees appointed by the government, which would be given powers adequate to deal with special situations with a considerable measure of flexibility. This board of trustees would consist of

(a) A representative of the dependents' allowance board;

(b) A representative of the veterans' welfare division of the Department of Pensions and National Health;

(c) A representative of the Canadian Legion;

(d) A representative of the Canadian Welfare Council;

(e) A representative of women's institutes, or other person familiar with the problems as they present themselves in rural areas;

(f) A representative of labour;

(g) A representative of the comptroller of the treasury or the auditor general; and

(h) An independent chairman who has had experience in dealing with similar problems.

The national board would have under it a number of local or regional committees which would in so far as their composition is concerned be essentially replicas of the national board. There would, however, be certain differences; for instance, on the local or regional boards, instead of a representative of the dependents' allowance board, there would be local representatives of the Department of Pensions and National Health, or of the soldier settlement board, (varying with the particular community). Also, instead of the Canadian welfare council, there would be a representative of the most appropriate local social agency, or in large communities of mixed population representatives of several local social agencies.

These local or regional set-ups should be worked out by the national board of trustees in cooperation with local authorities, and the national board should appoint the chairman of the local or regional committee.

There would have to be a considerable number of these local committees, at least sixty or seventy, and perhaps as many as one hundred and fifty, if it were desired to expedite the work as rapidly as possible. In the division of the country into local regional districts, it would be intended to take the fullest possible advantage of existing divisions for the purpose of social service administration.

The local or regional committee would deal with applications and make recommendations to the national board of trustees on the basis of principles laid down by the national board. While limited powers would probably have to be given to the local committees to make emergency payments in certain cases, the general procedure would be that application and recommendation would be sent in by the local or regional committee to the national board, which would make the decision and issue supplementary allowance by means of a cheque direct to the particular recipient. In other words, the local or regional committee would not be administrative in character; they would advise in regard to scales of assistance in the particular community, make investigations and verify the special circumstances involved and provide direct personal assistance or advise. They would, of course, use so far as possible the services of experienced social service workers already working in the locality, and perhaps as well, in certain cases at least, the skilled staff of a provincial government. The government hopes that by making use of the special knowledge and skill of such qualified persons, it will be able to get the plan into full operation with the minimum of delay, and also with the maximum of efficiency and equity.

It will be noted that no large administrative organization would be set up, but rather arrangements made for a pooling of existing administrative resources, and the only cost should be the payment of perhaps a per capita fee to the local social agency for investigations and recommendations.

In addition to other special cases, the new organization should deal with cases where supplementary allowance not in excess of 25 per cent of the present allowance would be made to mothers of soldiers, and also with cases where it would be desirable to allow children, by continuance of allowances, to attend high school until they have reached the end of their eighteenth year, if such children have good prospects of matriculating.

The major arguments for the scheme just outlined may be summarized as follows:

(a) It is far more equitable than any alternative arrangement, providing for the meeting of need or protection against hardship, no matter what the need or the hardship may be, and eliminating a needless waste of taxpayers' funds such as would be involved in any uniform regulation which sought to meet the difficulties of certain special cases by a uniform increase in the standard scale of allowances.

(b) It is wholly flexible, allowing need to be met in accordance with the merits of the particular case and the conditions of the particular region. It will allow the greatest measure of assistance possible to those who need it most. Emergency and unusual requirements can be met as well as common and recurrent ones.

(c) It provides for meeting the special needs of special cases by bringing into play the judgments of a considerable number of people who know the local and individual situation.

(d) It avoids the necessity of building up a large new administrative organization which would involve a lot of unnecessary administrative cost. It will make possible the use of the existing social service machinery of the nation in reporting upon and examining individual cases and, where desirable, in providing more than mere financial assistance.

(e) It is hoped that this far-reaching and flexible system of supplementary allowances will not only ensure that all dependents are safeguarded against economic dangers, but also that it will give the men overseas the confidence and assurance that all the administrative resources of the community are standing by the home in their absence, and that even in the case of unforeseen emergency at home, their families will be looked after and will not suffer hardship.

In summary we believe that the changes we are suggesting will provide a measure of very real social security, democratic and fair in its underlying principles, and efficient and adequate in its administration. Naturally in view of its character, I cannot give any estimate in advance of the funds that will be required to finance it, other than the estimate I have already made of the probable cost of the changes made in regard to the third and fourth child and the mother.

I come now to war veterans' allowances: The War Veterans' Allowance Act was enacted in 1930 to assist in the maintenance of the aged or totally incapacitated veteran in necessity and incapable of maintaining himself. Allowances under the act were made payable to veterans upon attaining the age of sixty years and to those of any age who were permanently unemployable.

These allowances are limited in the case of a veteran with dependents to $480 per annum, and income from all sources, including veterans' allowance, must not exceed $730 per annum. In the case of a veteran without dependents the maximum allowance is $240, and income from all sources, including veterans' allowance, must not exceed $365. The act provides that no deductions shall be made in the allowance because of receipt by the veteran of helplessness allowance, clothing allowance, additional pension allowance payable on account of children, grants received by the veteran by reason of having been awarded the V.C., M.C., or D.C.M., and casual earnings not exceeding $125 per annum. In all cases the amount actually paid is based on an investigation of the need of the recipient and there are many cases where the maximum allowance is not paid.

A great many recipients of the war veterans' allowance are also in receipt of pensions under the Pension Act. Quite a number have other sources of income such as mothers' allowances under provincial legislation, rentals from property owned but not occupied, insurance disability benefits, casual earnings, et cetera. There are, however, quite a number who have none of these special types of income and who by reason of age or infirmity are unable to supplement their veterans' allowance by casual earnings. Within this latter group there appear to be certain cases involving actual hardship, and it seems desirable to make provision for additional allowances in special cases after investigation has established actual need. In this connection it is proposed that the additional allowances be limited to a maximum of $5 per month for single men and $10 per month for married men. These additional allowances would only be given after investigation to veterans who are now in receipt of

the maximum allowances permitted under the act and who have no other earnings or income of any kind.

It may be observed that when the War Veterans' Allowance Act was passed in 1930, the cost of living index stood at 120·8 per cent. In other words, in spite of the increase in cost of living which has taken place since the outbreak of war, the latest index available is still more than five points below the point at which the index stood when the legislation was enacted and the amount of the allowances originally determined.

I come now to pensions under the Pension Act. These pensions are part of the compensation which is paid to a member of the armed forces or his dependents because of his disablement or death. The basic rates of pensions now paid are governed by schedules to the statute enacted in 1925 and are based upon the rates of pension and bonuses established in 1920 when the cost of living index stood at 150·5. The parliamentary committee which reviewed the problem in 1920 had been of the opinion that in view of the possibility of declining prices in future years increases in pension should in the main be effected by way of a bonus to be continued until such time as the cost of living warranted its modification. As the bonus was included in the basic rate of pension in the schedule to the act of 1925, it has remained in effect notwithstanding subsequent reductions in the cost of living.

In addition to the cash pensions paid on this basis, disability pensioners are free to accept employment, and their earnings do not in any way affect their pension entitlement. Such pensioners of the first great war also benefit by conditions which offer a wider scope of employment for those who are able to work, by reason of a primary preference under the Civil Service Act and preference in all government contracts and war work. In addition, they are given free hospitalization with pay and allowances for disabilities related to service. If over sixty years of age or permanently unemployable or if, despite the preferences granted, they are incapable of maintenance, such pensioners are eligible for assistance under the War Veterans' Allowance Act.

In view of all these circumstances and particularly because the cost of living index is only 115·5 as compared with 150·5 when the basic rates of pension were established, the government believes that no additions to these pensions could be justified at the present time.

I come now to old age pensions and pensions for the blind. Representations have been received by this government asking that a cost of living bonus be added to old age pensions, thereby raising the maximum amount of such pensions above the figure of $20 a month provided in the act. The question is one of extraordinary difficulty for reasons which I am about to mention.

I might remind the committee that these pensions are paid by the provinces, under agreements made by the governor in council with the lieutenant-governors in council of the provinces, in accordance with the Old Age Pensions Act of 1927. The act provides that every agreement shall continue in force as long as the original statute remains in operation or until after the expiration of ten years from the date upon which notice of an intention to terminate the agreement is given by the governor in council to the lieutenant-governor of the province with which the agreement was made.

The dominion's contribution of 75 per cent of the total pension paid is contingent upon the amount of the province's contribution, which is 25 per cent of the total, and therefore varies from province to province. The average monthly pension paid in each province as of June 30, 1941, was as follows:

British Columbia	$19.12
Alberta	18.56
Saskatchewan	16.97
Manitoba	18.72
Ontario	18.55
Quebec	15.72
New Brunswick	14.71
Nova Scotia	14.97
Prince Edward Island	11.26

It will be noted that in several provinces there is considerable leeway for increasing the average amount of pension paid if the province so desires. As advantage is not taken by certain provinces of the leeway which already exists, it is apparent that any provision for an increase in the minimum amount of pension payable would be used very much more by some provinces than by others, which would mean that the additional funds would be distributed very unequally between provinces.

Under the present scheme any increase in the amount of the maximum pension payable would require not only an amendment to the dominion act but new agreements with all the provinces. Several provinces would almost certainly be neither willing nor able to pay their proportionate share of a larger pension. If on the assumption that all provinces would not agree to increase the pension on the present cooperative basis the dominion undertook to pay the whole cost of a supplementary pension, we would be following the

unsound and dangerous principle of one government bearing the total cost of a service for the administration of which another government was solely responsible. This unsound principle would be coupled with the further objection, already mentioned, that the benefit of the dominion payment would in the main accrue to only a few provinces which are already paying a higher average rate of pension than other provinces which, except in a limited number of cases, would not benefit from the scheme although obviously the taxpayers of the latter provinces would have to bear some share of the higher payments made to pensioners in the former group of provinces.

There is the further fact that the cost of living index to-day, 115·5, is five or six points lower than the level at which the cost of living index stood at the time the Old Age Pensions Act was passed and during the early years of its operation. Thus in 1927 when the legislation was passed, the cost of living index stood at 119·9. In 1928 the index had risen to 120·5; in 1929 it was 121·7; and in 1930, 120·8. It would therefore seem very difficult for the dominion government, in the present war emergency when it is taking nearly 40 per cent of the national income for war purposes, to justify the addition of a general cost of living bonus to a rate of pension which was determined and established at the time when the country was enjoying a peace-time boom and when the cost of living index was five or six points higher than it is to-day.

In this connection it must be remembered that there is a real distinction between the granting of a cost of living bonus, on the one hand, to workers employed by private industries or by governments, and, on the other hand, to persons who are being given an award at the public expense because they may not be in a financial position to provide for themselves. In the former case it must be remembered that wage-earners are forgoing increases in their basic rates of pay and the cost of living bonus is really an arrangement to effect a stabilization of wages in order to make possible the maintenance of a price ceiling and safeguard against an inflationary spiral which would have, it is believed, a disastrous effect on the economy as a whole and would create real hardships for wage-earners as a class and, particularly wage-earners in the lower income groups, and pensioners and others in receipt of small fixed incomes.

No decreases in the amount of the old age pensions were made in 1931 or following years when the cost of living declined to levels far below what it was when the act was passed. It was taken for granted then that the pension was independent of changes in the cost of living. Because of this, and the fact that the cost of living has not yet even reached the level at which it was when the amount was determined by parliament, a cost of living bonus to supplement it would be wholly inappropriate. It would only be a disguise for a permanent increase such as took place under similar circumstances in respect of war disability pensions in 1920.

The question then arises as to whether there should be a permanent general increase in old age pensions in all the provinces at this time, and if so whether the dominion or the provinces should bear it.

The government believes that this problem of making adequate provision for the aged can never be satisfactorily solved until we are in a position to set up a contributory old age pension scheme which would make it possible to commence the payment of pensions at a lower age than seventy years and probably to make the pension payments more generous. However, for reasons which are wholly familiar to the house, such a dominion contributory old age pension programme would be impossible without a constitutional amendment.

The dominion must, I am convinced, take the position that old age pensions of the non-contributory type now in effect are primarily a provincial responsibility, the role of the dominion being that of a contributor financially assisting the provinces to discharge this responsibility. This has been the rule consistently applied since 1927 by all governments. There are excellent reasons for the rule. Apart altogether from the constitutional reason there are the differences in living conditions, cost of living, living standards and social outlook in different provinces. A scale appropriate to one province is not appropriate to others. The figures I have given of average pensions show the differing views which the provinces have as to amounts which should be paid.

The dominion, overburdened as it is with its own responsibilities and obligations, nevertheless does not shrink from assuming further responsibilities in its own fields. As examples I cite the increase in dependents' allowances and war veterans' allowances which I have just announced. But in a provincial field the dominion should not operate in such a way as to throw further burdens exclusively upon dominion taxpayers. Furthermore we should be exceedingly careful not to act in such a way as to place virtual compulsion upon provincial governments and thereby on provincial taxpayers.

On the other hand, our laws should be such that if any province, due to public sentiment or local conditions existing in that province,

wishes to supplement the old age pensions paid in that province under our act, there should be no automatic reduction in the pension jointly payable by the dominion and the province on the 75 per cent-25 per cent basis. If any of the provinces desire to do so, the government is prepared to amend the regulations and, if necessary, the act, to ensure that such supplementary payments by a province do not entail a reduction in the pension payable under the act.

Indeed the government is prepared to consider going further than this. It believes that, for the reasons already outlined, it would be impossible to justify an increase in the maximum rate of pension payable if the whole cost were to be assumed by the dominion, and that such cases as appear to present immediate difficulties can be met by the provinces on the basis of established individual need. If, nevertheless, all, or substantially all the provinces should make representations to the dominion government in favour of some increase in the maximum amount of pension payable, the additional cost to be shared between the dominion and the provinces on the same basis as the present cost, I can assure the committee that the government will be prepared to give consideration to such representations.

There is one other matter connected with the administration of old age pensions which may be of some interest to the committee.

Under the act, the pension is not permitted to bring the total income of the pensioner above $365 a year.

By section 17 of the regulations, income includes contributions by children. This expression has been interpreted as including assigned pay. Representations have been made that in many cases assigned pay is not a true contribution within the meaning of the regulation, as it is sent to the parent to be kept for the member of the forces assigning the pay, or for some other purpose not connected with the support of the parent. Distinctions between cases where this is true and where it is not true are impossible to draw as a matter of practical administration, and I am given to understand that all the provinces would be likely to accept an amendment to the regulations providing that pay assigned by a member of the forces to his mother or father in receipt of old age pension should not be regarded as income for the purposes of this act, providing the parent is not in receipt of a dependent's allowance as well.

I am therefore proposing that the regulation in question be amended by adding the provision that in all cases where no dependents' allowance in respect of the parent or the parent's spouse has been awarded, any pay allotted or assigned, as the case may be, by a son or daughter, grandson or granddaughter who is a member of the naval, military or air forces of Canada, serving on active service, may be disregarded in calculating the income of the pensioner. This will have the effect in many cases of increasing the amount of pension payable to old age pensioners in receipt of assigned pay.

PRIVILEGE—PRESS REPORT OF STATEMENT OF MR. POULIOT ON NOVEMBER 11

Right Hon. W. L. MACKENZIE KING (Prime Minister): I take advantage of this my earliest opportunity to rise to a question of privilege. It is I think the proper moment to bring the matter referred to to the attention of the house. I saw for the first time a few moments ago in the Ottawa Evening *Journal* of to-day an article headed "Pouliot provides sensation—says Mr. King saved troops at Dunkirk." The article is credited to the Canadian Press and is as follows:

Considerable discussion has developed among members of the House of Commons over a statement made by Jean-François Pouliot (Lib., Témiscouata) in his speech to the house last Tuesday.

Mr. Pouliot said he felt it his duty to answer "some charges, some insinuations" made about Prime Minister Mackenzie King. He did not identify the charges and insinuations specifically.

Then the article goes on to quote the hon. member for Temiscouata as follows:

"There is something . . . that has not been said either over the radio or elsewhere about the recommendation made by my chief (Mr. King) to the commander of the Canadian army in England (Lieutenant-General A. G. L. McNaughton)". He said.

Then there is a subhead "Takes up hecklers," and the next paragraph is a quotation purporting to be what the hon. member for Temiscouata went on to say. I think the hon. member is reported correctly, as follows:

"It was this, that he should do his best to spare the lives of his soldiers; and the young fools that made some noise when the Prime Minister visited them ignored the fact that if they were still alive, if they had not been killed in the Dunkirk retreat, it was because of the very wise and patriotic recommendation of my leader, the chief of the Liberal party, the Prime Minister of Canada. It is time to say that."

I may say first of all, Mr. Chairman, that when the hon. member for Témiscouata was speaking the other evening I was in conversation with my immediate neighbour, the Liberal whip, and I did not catch this remark myself, but my colleague mentioned to me:

"The member for Témiscouata is talking about you." I immediately turned to listen. I had missed what he was saying about myself and at the time I turned toward him he was beginning to speak of the new leader of the Conservative party. I thought it was time for me to get up and say that I felt we had better get on with the business before us, that I understood the hon. member for Témiscouata was trying in some way chivalrously to defend me on some matter. I had not been paying attention to what he was saying, otherwise I should immediately have taken care to correct my hon. friend in the statement he made.

May I say that at no time have I made any recommendation whatever to General McNaughton on any matter. I think, however, I understand what was in the mind of the hon. member for Témiscouata when he spoke. I have at different times mentioned to members of my own party and to others the many reasons I have for having profound faith in the judgment, wisdom and caution of General McNaughton as the commander of the Canadian forces overseas, and I have instanced, and am pleased to instance here in the House of Commons to-night, what he said to me in the last conversation we had together before he left to go overseas. He came to call on me at my office, and I took advantage of the opportunity to repeat what I had said before and to give the thanks of the Canadian government to him for undertaking that great responsibility and to express our deep appreciation, and gave him the assurance of my entire confidence in him and of his being able to count on my support on all occasions. The general's last words to me were that I could depend upon it that he would take care to see that lives were not needlessly sacrificed. I remember those words very distinctly, that he as commander of the Canadian forces would take great care to see that lives were not needlessly sacrificed.

As to Dunkirk, it is now a matter of public record that General McNaughton before he undertook to take his men across to Dunkirk made a survey of the situation himself and made his own report upon it which was, I believe, to the effect that he did not think Canadian troops should be asked to participate in that venture at the time at which he was being asked to consider the matter, that to take that step at the time would be to incur the sacrifice of life to no purpose. I have mentioned that repeatedly to others, and that, I assume, is what the hon. member for Témiscouata had in mind. I was giving it as an illustration, just as I give it now, of why I and the citizens of Canada generally, particularly those who are in the forces and the parents and relatives of those in the forces, have every reason to have confidence in the present commander in chief of the Canadian forces overseas and be prepared to trust his judgment, that he himself would be cautious in the matter of any directions that he might advise or give.

The hon. member for Témiscouata is quoted in that same article in the Evening *Journal* as having referred to another matter, an incident that took place at Aldershot, a demonstration by a section of the troops when I appeared on the field to address them. It was a small demonstration. I do not think I need to go into the reasons that occasioned it, but I wish that all present here might have been there to have heard for themselves the alleged demonstration and also the demonstration that followed after I had spoken to the troops. I think I can explain to hon. members the occasion of such preliminary demonstration as was made at that time, because it has come to me from many sources. It was this, and this article helps to illustrate it.

I found on reaching England; indeed, I had heard rumours of it before, that among our troops there was being spread a rumour that the reason why they were being kept in Britain and were not allowed to go to Africa or other parts was because of some direction that I had given or was responsible for with respect to the movement of the Canadian troops, that I had sought to confine the field of their activities with a view to—I suppose it might as well be expressed here—saving the sacrifice of the lives of some of our men. Mr. Churchill has answered that rumour I think quite effectively. He has taken care to express to the troops themselves and to the public generally that the reason why the Canadian troops have remained in Britain and have not been sent outside has been that those in command feel that the greatest service that it is possible for the Canadian troops to render is that of guarding the citadel of freedom right at the heart of the empire, where the first great attack which would stab the empire's heart would likely occur. I think that some of the young men in our forces had the feeling that I had taken a position of the kind, and when I made a reference to their enforced inactivity they did make it quite clear that it was something which they did not appreciate. But when I also made it clear that as far as the government of Canada were concerned we were placing no restriction whatever upon the movement of the troops from Britain elsewhere, and had given authority to the commander in chief with due regard to ministerial responsibility to do as he might deem best

with regard to movements based on Britain, and to take such immediate steps as he thought it advisable in certain circumstances to take, that impression, I believe, was effectively removed.

There is only one other thing that I should like to say. I was rather surprised that so much importance was given to a matter, which really could only be a misrepresentation of the facts in their true light, by a communication which went out through the Canadian Press from Aldershot on that day. I believe that, if hon. members will look in the British newspapers, they will find that there was not a single mention of any incident which was unpleasant in connection with my visit to the troops, and I believe that the representatives of the United Press and other press representatives who were there did not feel it necessary to send out any statement of the kind. But, for reasons best known to the representative of the Canadian Press, that particular report was circulated to all parts of the world, as a means, no doubt, of helping Canada's war effort.

INTERNATIONAL SITUATION SINCE JUNE 14, 1941—CANADA'S WAR EFFORT

Mr. STIRLING: Mr. Chairman, I am glad that the government has paid considerable attention to the many representations which have been made to it on behalf of pensioners of various descriptions because of the increased cost of living. The minister is to be commended for making this statement—this rather elaborate statement—before the house adjourns. It would hardly be possible to discuss it in any detail this evening. The first portion of it—that which deals with dependents' allowances—is quite easy to follow, but when one gets into the other categories they are not so easy to follow, and certainly I anticipate that the response of the government to the appeal of the old age pensioners will not be very warmly received. It will be of very little interest to the old age pensioner who began to receive such pension within the last few years that the index figure was at such a height and is lower to-day than when the pension legislation was started. The government, however, has given its consideration to what is obviously a particularly difficult matter, entering as it does into a constitutional realm; and it leaves one with the idea that possibly, had the events of January gone a different way, the government might not be faced to-day with so difficult a problem in that regard.

The third category entailed the setting up of a national board, not at any expense, because the individuals who will compose it will be drawn from departmental bodies and boards which are already dealing with these matters. It will be supplemented by the work of regional boards. I anticipate that these regional boards must of necessity be located in one spot in each of the various districts over which they will hold sway, and I wonder what the minister contemplates with regard to getting information of the affairs of an applicant who desires assistance. Let me put it this way. A person who considers that he needs assistance along these lines, and who perhaps is resident two or three hundred miles away from the place where that regional board will carry out its work, must of necessity, I assume, make application by form or by letter. Then investigation on behalf of that regional board will be necessary before they can advise the national board. Would the minister give us some indication of how the regional board will go to work to get information in detail with regard to the applicant's case?

Mr. ILSLEY: I cannot give it in any more detail than I did. I said that there would certainly be sixty or seventy, and perhaps as many as a hundred and fifty regional committees throughout the country, and they would consist of or be assisted by trained investigators in so far as those are available. They are available in a good many parts of the country. I do not remember just how the trustees of the Patriotic fund operated in the last war, but I am told that that was a very efficient organization and that it did just this kind of thing.

Mr. STIRLING: It will do some travelling, I take it.

Mr. ILSLEY: Well, I do not know about that.

Mr. GREEN: Have any of the provincial governments made representations to the dominion government that they would be willing to pay their share of a bonus to the old age pensioners? I understood the minister to say that if any province should make such representations, the dominion would give them favourable consideration.

Mr. ILSLEY: No, I did not say that. I said that in the event of an increase in old age pensions being considered desirable in any province, or in respect of particular cases of hardship in any province, the dominion did not feel that it should bear the cost of that itself, because it regarded that as primarily a provincial responsibility. Second, the dominion has no objection to the province bearing that cost. At the present time it may be that, if a province did increase old age pensions, in that particular province the pensions payable

under the dominion act would be decreased, because they might be regarded as income and therefore the result might be some decrease in the pension payable. It is the view of the dominion government that that is not as it should be, and we are prepared to make an adjustment there, so that if a province wishes to bear in any case the full additional cost, it will be free to do so, without that entailing a reduction in the pensions payable under the dominion Old Age Pensions Act.

With regard to the third position, it is this: not, if one province says, "We would like to have the maximum in the old pensions act raised", but if all or substantially all the provinces make representations to the effect that they would like to have that maximum raised, the dominion government is prepared to given consideration to those representations. But I do not believe that, if one province alone, or merely one or two provinces, wanted to have the pensions raised, it would be the duty of the dominion government to get in touch with all the rest of the provinces to see whether they also wanted the increase, because there is a big conflict of opinion in the country. From the province in which the hon. gentleman resides a great many representations have come in favour of an increase in the old age pension, but from some provinces we have had no representations at all; in fact the reverse opinion is expressed a great deal.

Mr. GREEN: In other words, if British Columbia should increase the pensions or should be willing to pay a cost of living bonus added to the old age pensions, the dominion would not help out?

Mr. ILSLEY: That is right.

Mr. NEILL: Speaking of a question which the minister raised, I understood him to say that he, as representing the dominion government, would contemplate a general increase pro rata only provided all, or practically all the provinces were acquiescent. I would point out that when the act was originally made, in 1927, the agreement was offered by the dominion to each province individually, and all were open to accept or reject.

Mr. ILSLEY: Yes.

Mr. NEILL: I believe British Columbia was the first one to act. I believe there was no obligation that there should be even a majority of the provinces. Could the minister not give way to that extent at least? It would hearten some of us who are interested in the matter. If one province were willing to pay the extra amount, could he not make an agreement with them the same as he did before? It would be almost hopeless to expect unanimous action from the nine provinces, and the government realized that in 1927 and made their offer to any individual province. Any province that was willing to do it could come in and accept the agreement offered by the dominion government. There was no compulsion then to go and get the assurances of nine other people. Could he not allow the same condition to exist now?

Mr. ILSLEY: I do not think the government at this time should embark on that course. I remember exactly what happened after 1927. It became an acute political issue in province after province and elections were run on it. The standing offer of the dominion resulted almost in compulsion on the provinces. That may be all right in time of peace, but I do not think the dominion government could embark on that course now. This is primarily a provincial responsibility, and I think the extent to which I have indicated we are prepared to go is as far as we should go under present circumstances.

Mr. T. C. DOUGLAS (Weyburn): The Minister of Finance (Mr. Ilsley) and the government are to be commended for having taken cognizance of the requests that have come from all over the country for further assistance to the people in receipt of dependents' allowances and war veterans' pensions. One cannot say of course, without closer study of the matter, just how much this will help, but certainly it will help a great deal, and every member of the house will be glad that this course has been taken. The people across the country will be exceedingly pleased that the minister has made this clear statement and taken the forward step he has.

With reference to old age pensions, I am afraid there will be a great deal of disappointment. It is difficult for me to follow the minister's logic. I am unable to understand why, in view of the fact that the dominion Old Age Pensions Act is an enabling act, it would not have been possible for the dominion government to raise the maximum. No provincial government is compelled to pay up to the full maximum, but by the dominion government raising the maximum to, say $30, each provincial government would then have it in its power, if it chose, to raise that maximum within the province, and the federal government would still be under the obligation of paying only its share, which is 75 per cent. I am inclined to think that the argument that the index commodity figure for 1927 was higher than the figure to-day will not bear much weight with the old age pensioners across Canada, because if there is

any group of people who have suffered in Canada as a result of the increased cost of living, it is those people within our economy who have no means of increasing their incomes, people in receipt of pensions, dependents' allowances and so on. For them there has been no cost of living bonus; for them every increase in the cost of living has meant simply a decrease in their standard of living. I hope that this matter is not closed and that the Minister of Finance and the government will give further consideration to the possibility of raising the maximum under the dominion act, leaving it to the provinces to decide whether or not they are in a financial position to raise the maximum in their respective jurisdictions.

Before the committee rose at six o'clock the Prime Minister (Mr. Mackenzie King) suggested that after the Minister of Finance had made his statement it would be in order for members to discuss anything. I am not sure that this is a departure from the procedure followed during the rest of the week; it is pretty much what we have been doing. I should like to take this opportunity to say a few words about the plight of western agriculture in the light of the government's agricultural policy.

Mr. BLACK (Cumberland): Would the hon. member give way and let us have some explanation of old age pensions? I wish to inquire with respect to Nova Scotia and I shall be only a minute.

Mr. DOUGLAS (Weyburn): I intend to take only a short time, and it is possible that we may adjourn to-night.

Mr. BLACK (Cumberland): The hon. member is going into a different subject; that is all.

Mr. DOUGLAS (Weyburn): Agriculture has been pretty well left to the tail-end, which seems to be indicative of many things these days. Here in the last few hours of the last night we are likely to be in session we are to have only a few moments to discuss agriculture. It is commonly acknowledged that agriculture has become the forgotten industry in our economy; I should not like to see it become the forgotten subject in this parliament. While I should be glad to give way to the hon. member, I do not want to see the time slip by without an opportunity for the discussion of agriculture.

I am exceedingly disappointed that no statement has been made either by the Minister of Agriculture (Mr. Gardiner) or by the Minister of Trade and Commerce (Mr. MacKinnon). I have waited each day thinking a statement would be made; for to my mind there is no more important war industry to-day than agriculture. The production of foodstuffs for embattled Britain has now become as important a question as the production of the actual implements of war, and so far we have relegated the discussion of this subject to the background. I must therefore ask for the privilege of saying these few words and requesting the government to make a statement to the house and the country before we adjourn, to indicate its plans with regard to agriculture, and to western agriculture in particular.

I wish to say something about agriculture, not only in the light of the government's policy but having regard to the recent price fixing regulations under order in council P.C. 8527. As has been said by several of my colleagues, we in this group have never objected to control. In fact, early in this war we suggested that ultimately we should be forced to rationing, and I am still convinced that that is the point at which the government will arrive in the end. We realize that no group of people will suffer more from inflation than the workers and the farmers, and therefore we have never had, and have not now, any objection to price and wage fixing, provided always that prices and wages are fixed on equitable levels so as to give to the workers and farmers a reasonable return for their labour.

The thing that has distressed me most about these regulations is the fact that neither organized agriculture nor organized labour seem to have been consulted. I listened to the Prime Minister making his historic announcement on October 18. I realized that the policy was wide-sweeping; a policy which would affect the economic life of Canada for the duration of the war; a policy that would affect the standard of living of millions of people; and I took it for granted that such a policy would have been considered by the representatives of all the factors concerned in our economy who would be consulted. I was therefore surprised on Monday, the 20th, to find the Canadian Press carrying statements from Mr. Tom Moore, President of the Trades and Labour Congress of Canada, Mr. Mosher, President of the Canadian Congress of Labour, Mr. Hannham, President of the Canadian Federation of Agriculture and others to the effect that they had not been consulted and were astounded at the drastic nature of these controls. It seems strange that in the bringing down of such a far-reaching measure, representatives of the trade unions, of organized agriculture, of the pools of western Canada—they represent the greatest group of organized farmers in the dominion—representatives of the cooperatives and of the retail

merchants, as well as of those other groups that were affected, had not been called in for consultation in an endeavour to arrive at some basis on which prices and wages would be fixed.

We in this group have always maintained that democracy ought to mean something more than merely counting noses. Democracy ought to mean giving to organized agriculture, to organized labour and to the business men a voice in the councils of the nation and an opportunity to exert their influence in shaping their own destiny. That certainly has been denied in the bringing down of these regulations.

As I have said, our quarrel is not with the principle of control. Our quarrel is as to whether or not the basis upon which this control is exercised is fair and equitable. The dominion bureau of statistics says that the cost of living has risen some 15 per cent. Of course that is based on a great, wide, varied assortment of commodities. But if we take the thirty-eight commodities most commonly bought—for there are hundreds of commodities that the common people never buy—we find that actually the cost of living has gone up more than 25 per cent. It is a well-known fact that in the early period of any inflationary spiral the cost of living always outdistances both wages and farm prices. To select an arbitrary period of twenty-seven days, from September 15 to October 11, and fasten prices at the levels prevalent during that period, is to fasten peasantry on the farming population. It will do the same, of course, for the people I mentioned earlier, people with fixed incomes, people in receipt of pensions and dependents' allowances.

Let us look at what the effect will be on the farming population. According to the *Economic Annalist*, issued by the Department of Agriculture, using 1926 as the basis of 100, we find that in August, 1941, animal products had reached the index figure of 97·9, and field products, 56·7, making an average figure of 72·1 for farm products. That figure, low though it is, is not a fair criterion by which to measure farm income, particularly in western Canada, because in Saskatchewan more than 75 per cent of the farmer's income comes from field products and only 25 per cent or less from animal products. Therefore even the figure of 72·1 is high. Compare with that the fact that wholesale prices—and we do buy not at wholesale but at retail prices—in August, 1941, were 91·8, and that the cost of living on the farm, on the basis of 120 in 1926, has reached the figure of 112·3. When we look at that we begin to realize how inadequate is the farm price level compared with the cost of living and in relation to the retail prices which the farmer must pay.

Last evening the Minister of Finance asked the hon. member for Lake Centre (Mr. Diefenbaker) just what he meant by a parity price. Of course there are many definitions. When some people speak about a parity price they mean a price commensurate with the cost of production. That, of course, can start so much argument that there is not much use talking about it. But certainly in talking about a parity price one would have in mind some year which might be used as a basis, for both farm products and retail products, and then fixing the present price at a level which would bear some relation to the cost of living. On November 6, at page 4155 of *Hansard*, the minister is reported to have said he was going to give some percentages. He proceeded to take August, 1939, as the basis, and said that oats had gone up 80 per cent, barley 66 per cent, butter 57 per cent, eggs 33 per cent and so on. Of course the minister was careful to say that he was not condoning the price level of 1939. Well he might, because in selecting the period from 1935 to 1939 he was selecting a period during which farm prices reached a very low ebb. As a matter of fact the Sirois commission pointed out that in Saskatchewan during that period the average cash income was $102 per farm per year, or the cash and kind income, $291 per farm per year. Therefore, to choose two distinctly different levels—a farm price level still comparatively low on the index of commodities basis, and twenty points below the cost of living on the farm—and to fasten prices at those respective levels, is to fasten the standard of living of the farming population, particularly of western Canada, far below what is adequate. In the same statement, at the same page, the minister is reported to have said:

> . . . retail food prices now bear about their normal relation to other retail prices.

In the first place, of course, the farmer does not receive retail prices for his products; he is paid wholesale prices. The second point is that the disparity, according to the *Economic Annalist*, is between 91·8 for all commodities and an average of only 72·1 for farm products, a difference of some twenty points between the level of the products the farmer has to sell and the wholesale level of the things he must buy. When there is added to that the fact that he must pay the retail price, it is evident that the disparity between farm prices and retail prices is even greater than these figures would indicate. Therefore we suggest that there ought to be some fairer basis. To

accept 1939 as a basis is, of course, not satisfactory. The 1926 basis might have been fairer. It is true that if the 1926 basis is accepted, one or two commodities might have to come down in price, but the general average of farm prices would have to rise. Last evening I think my colleague the hon. member for Melfort (Mr. Wright) placed on record some of the index commodity figures for 1926 and 1941; I do not know that he placed them all on record, but in any event I should like to mention these figures:

	1926-29	1941
Wheat	$1.417	$ .726
Oats	.603	.493
Barley	.716	.526
Rye	.971	.547
Flax	.209	1.55
Butcher steers	9.04	8.79
Bacon	11.61	10.99
Cheese	.189	.160
Cream	.382	.344
Eggs	.482	.394

I realize that figures are always a little tiresome, but I draw them to the attention of the Minister of Finance because I should like to point out that while in the case of cheese the figure is now above the 1926-29 figure, over the average, if we take all the farm commodities usually sold by the farmer we find that the average is much below the 1926-29 figure. On the other hand, the cost of living is now getting quite close to the 1926-29 level.

Let me ask the minister to give some thought to how these regulations will affect those engaged in the growing and marketing of wheat. While some hon. members become very tired of listening to discussions in the house about wheat, may I remind them that wheat is the basic commodity produced in western Canada, and that the great masses of the people in that part of Canada find their standard of living affected either adversely or otherwise, depending upon the price they receive from the sale of their wheat.

What do we find? We find that according to the Searle index, taking the 1913-14 price as the base figure of 100, to-day the farmer is receiving 25 per cent less for his wheat and paying 50 per cent more for the commodities he has to buy. That is far from a happy state of affairs—that he should be getting 25 per cent less for the chief product he has to sell, and pay 50 per cent more for the commodities he must buy in order to live.

If we use the 1913-14 as the basic parity price, using that term as I have already defined it, the parity price for the United States farmer would be about $1.22 a bushel in store, Chicago. Under the AAA programme, the United States is paying to its farmers about $1.16 in store, Chicago, and the open market is paying about $1.19, basis Chicago. On the same basis of the 1913-14 level a parity price for wheat in western Canada would be about $1.20 a bushel, basis Fort William.

There has been considerable discussion as to how much the farmer is actually receiving for his wheat. There has been a long-range debate between the Minister of Agriculture (Mr. Gardiner) and the president of the Saskatchewan pools as to what the farmer is actually receiving. I do not purpose taking part in that debate just now. But I do wish to point out that when the Minister of Agriculture suggests that the farmer is receiving 90 cents to $1 a bushel for his wheat, the minister arrives at that figure by some very strange methods.

To begin with, he adds to what the farmer gets from the wheat board the amount of money he gets for his wheat acreage reduction bonus. That bonus is paid to him in lieu of not growing wheat. It is paid to him for a piece of land on which he did not grow wheat, a piece of land which he either summer-fallowed or on which he grew coarse grains. You cannot take income from that piece of land and add it to the income from the wheat grown on another piece of land, any more than you can add what the farmer gets from the sale of his live stock.

Again, the minister arrived at his figure by adding in the bonus paid under the Prairie Farm Assistance Act. I believe the minister estimated over the radio, as I remember it, that the amount was about $30,000,000. Of course I never have been able to understand where he got that figure.

Mr. GARDINER: The figure is $10,000,000.

Mr. DOUGLAS (Weyburn): Oh, yes; the acreage reduction bonus was $30,000,000.

Mr. GARDINER: Yes.

Mr. DOUGLAS (Weyburn): I never have been able to understand where the minister got the $30,000,000 for the acreage reduction bonus.

Mr. GARDINER: It is over $20,000,000 now.

Mr. DOUGLAS (Weyburn): Six million acres have been taken out of wheat production. How the minister can get 6,000,000 acres up to $30,000,000, I do not know. But the minister will probably explain that. The point at issue is that whatever the farmer got for acreage reduction bonus cannot be added to what he got for his wheat on totally different land. Also the bonus he gets under the Prairie Farm Assistance Act is the bonus which was paid with respect to land on which little or no wheat was grown. It is not paid to the man who had

over twelve bushels to the acre. It cannot be added to the price of his wheat, because he does not get any.

The minister has confused a depressed area with a distressed industry. The man who grew fifteen or twenty-five bushels to the acre does not get this bonus. How can the bonus be added to the price he is receiving for his wheat? There is a bonus which may properly be added to the wheat income, and that is the so-called supplementary bonus of 75 cents an acre for half a man's cultivated acreage up to two hundred acres. That can properly be added to the farmers' wheat income because, as I understand it, it is a subsidy paid by the government in lieu of the fact that the government is going to peg the maximum price of wheat on the open market at 77·3 cents.

The estimate this year is that the average return per acre will be 13·1 bushels. For the average farmer, half of whose acreage is in wheat, that works out a little better than five cents per bushel. That means that a little better than five cents per bushel is being added to the price he is receiving for his wheat. That certainly leaves the farmer a long way from 90 cents to $1 a bushel.

I will say this much for the Minister of Agriculture: There is the possibility that if the government applied all sales of wheat to this year's crop the proceeds of the participation certificates might bring that figure up. But so far no action has been taken along that line. The only thing we can be sure of is an advance of 70 cents plus five cents and a fraction, which the farmer will receive under the present bonus plan.

The Minister of Agriculture has repeatedly stated over the air and in the house that the government's agriculture policy envisages a minimum agricultural income for western Canada of some $325,000,000. I never have been able to find out just how the minister arrived at that particular figure, or where he got it. The latest available figures issued by the government show that the agricultural income for the prairie provinces last year was $410,222,000. If the agricultural income for the prairie provinces is to be set in the neighbourhood of $325,000,000 this year, and having in mind the fact that $325,000,000 this year will buy much less than $325,000,000 would have bought last year, then it is quite apparent that the income of the prairie farmer will decline almost $100,000,000 this year.

This situation is serious because, as I said when I began the discussion on this matter, the whole economy of the prairie provinces has been tied up with wheat. After all, that has been the main commodity we have produced, or are capable of producing. When we reduce the income of the prairie farmer we reduce his purchasing power, and the effect of reducing his purchasing power is being felt to-day in every town, village and hamlet between the Rocky mountains and the great lakes.

The campaign carried on by the pools in western Canada asked the government for four things. The government was asked, first, to fix the price at $1 per bushel basis Fort William; second, to freeze the surplus as a war emergency; third, to apply all sales of wheat to this year's crop and, fourth, to declare 1941 to be an emergency year under section 3 of the Prairie Farm Assistance Act. I think western members who support the government and western members on this side will agree with me when I say that great sections of people on the prairies were unanimous in support of this policy. I know that at some meetings I attended in my constituency I found business men, professional men, labouring men as well as farmers supporting this policy. They realized that the decline in the purchasing power of the wheat farmer was having an adverse effect upon the whole economy of western Canada. I hope the Minister of Agriculture will not think that that campaign which was carried on in western Canada during the last few months was a partisan campaign.

An hon. MEMBER: Pretty much.

Mr. DOUGLAS (Weyburn): That was not my experience although it may have been my hon. friend's. In the meeting held in the city where I live both the chairman and the secretary were, to the best of my knowledge, supporters of the present government. Large numbers of those who were active in the campaign were supporters of the present government. A great many of the Liberal members of the Saskatchewan legislature indicated their support of that policy. That did not mean that they were breaking with the Liberal party; it simply showed that they realized that the feeling in western Canada was that, irrespective of a man's party politics, something had to be done to give the wheat producer a more reasonable return for his product and enable him to keep his purchasing power up to a level that would prevent western Canada from going into bankruptcy.

In the last three months I have been over practically all the province of Saskatchewan, and I have never seen as many auction sale bills hung up in the general stores and post offices as I have seen in the last few months. We are faced with a possible wholesale exodus. People are going to the coast or coming to eastern Canada. According to the press, the mayor of Windsor has circulated the towns

and municipalities of western Canada urging the people not to come east in such numbers looking for employment.

Mr. WOOD: Could the hon. member give us any idea as to what the stock put up for sale brought? Was it a reasonable price?

Mr. DOUGLAS (Weyburn): I think in some instances fairly good values were obtained. In the part of the country in which I live that was the situation.

Mr. WOOD: When people are prepared to offer for sale the product of their effort in the form of accumulated stock it is an indication that the country is in a healthy condition.

Mr. DOUGLAS (Weyburn): My hon. friend likes to ask a question and then answer it. He asks: Is not the fact that they are getting fairly good prices an indication that things are not too bad? Here is what happened. In 1937 we had a complete crop failure. In order to get relief a man was compelled to reduce his stock to a minimum. I think it was one milch cow for four members of a family, three hogs, twenty-five chickens, four horses and so on. Some of the finest live stock herds in Saskatchewan were lost to the province. I have seen pure bred stock being sold for $15 a head, and they could not be bought to-day for $125. A large section of our people were pushed out of live stock, and they are now trying to get back in. The result is that any man who has some good breeding stock to sell can get fairly good prices. Men who used to raise hogs and cattle are being forced out of business. Many of them are renting their land to people who intend to farm on a large scale and raise wheat, a product which is not now required.

Mr. WOOD: The live stock records show that there has been a considerable increase in the production of live stock in western Canada.

Mr. DOUGLAS (Weyburn): I am quite aware of that fact.

Mr. WOOD: That does not agree with the hon. member's statement; I do not understand his logic.

Mr. DOUGLAS (Weyburn): My hon. friend's powers of comprehension can hardly be blamed on me. This exodus which is going on will have an effect upon our agricultural economy, an effect opposite to that which the minister wants. As I say, men with small farms, men who raised live stock and dairy products are now leaving their farms which are being taken over by others who are going to work them by machinery and produce wheat on a mass production basis. If we are not careful, in one or two years there will be a serious decline in the production of live stock and dairy products which are so much required for the winning of the war.

I suggest to the government that this matter should not be considered a closed matter. I notice by the press that the pools are sending a delegation to Ottawa. I hope the Minister of Agriculture will not feel that because he has taken a particular stand on this matter, he must now abide by it. I hope the government will keep an open mind. I hope also it is not too late to change the government policy with respect to the marketing of the 1941 crop. I trust the government will give some consideration to the policy of fixing the price of wheat on the open market at $1, and fixing the advance to be paid at $1 a bushel, basis Fort William. There should not be any difficulty in connection with the farmer who has sold his wheat, because by means of the permit book system the government has a perfect record of the amounts delivered and by whom delivered. It would be quite possible to make this retroactive.

Asking for an advance of $1 a bushel does not mean that we are asking the government to take a tremendous loss. We do not know what this wheat may be sold for upon the markets of the world. I remember in 1935 and 1936 when there was a great deal of complaint about the McFarland stabilization operations and it was said that the advance of 87½ cents a bushel, basis Fort William, was too high. That wheat was ultimately sold and at a figure much higher than what had been paid for it. The Minister of Agriculture and the Prime Minister have said over the radio that our wheat may be of inestimable value before this war is over, that it may turn the tide in winning the war. We are asking the government to show their confidence in the future of western agriculture by paying a price which is not unreasonable when considered in relation to the cost of living.

We also ask the government to freeze the surplus wheat as a national war emergency and to apply all sales of wheat to this year's crop. If we export as much wheat this year as we did last year, and our domestic consumption is the same, we shall need all of this year's wheat crop and shall have to use some out of the surplus. That would mean that for the first time we would be able to comply with the requirements of the Canadian Wheat Board Act and pay to the farmer whatever amount might have accrued to him on his participation certificates. The Minister of Agriculture has made frequent appeals over the radio to the farmers asking them to deliver their wheat to the wheat board. Many farmers are selling their wheat on the open

market in order to get a spread of from three to six cents. They were desperate, and a spread of three to six cents a bushel meant quite a bit to them with the threshing bills, store bills and doctors' bills that were facing them. All these appeals to sell to the wheat board could have been obviated if at the beginning of the crop year on August 1 the minister had announced to the western farmer that sales of wheat would be applied to this year's crop and that in all probability payments would be made on participation certificates.

Mr. GARDINER: Why does the hon. member keep referring to the Minister of Agriculture? That matter is under the Minister of Trade and Commerce.

Mr. DOUGLAS (Weyburn): Because it was the Minister of Agriculture who, according to this clipping, announced over the radio—

Mr. GARDINER: It is not because he lives in Saskatchewan?

Mr. DOUGLAS (Weyburn): No; it was the Minister of Agriculture who, according to this clipping, made the appeal to the farmers. The heading says "Gardiner urges farmers to deliver to the wheat board". That is why I referred to the Minister of Agriculture. I did not mean to single him out particularly, because the Minister of Trade and Commerce has also a responsibility in this matter, as have all the members of the wheat committee of the cabinet. My point is that if we can sell wheat to Great Britain at the figure at which it has been sold for the last year or two, with the possibility there is to-day of selling it to Russia at a similar or higher figure, there is no reason why a substantial payment should not be paid this year on participation certificates if all sales are applied to this year's crop. When I asked the Minister of Trade and Commerce yesterday whether the government still had this matter under consideration or what their decision was, I was disappointed when he replied that the government had not yet decided. I do hope that they will decide at once and make some announcement soon to the farmers of western Canada.

The ACTING CHAIRMAN (Mr. Bradette): The hon. member has spoken for forty minutes.

Mr. HANSELL: Mr. Chairman, I shall take only a moment or two.

An hon. MEMBER: That is what the last fellow said.

[Mr. T. C. Douglas.]

Mr. HANSELL: If the speech of the hon. member for Weyburn was only a short one, I do not know what he would consider a long one.

The Minister of Finance has announced the government's policy with regard to the payment of a cost of living bonus to soldiers' dependents, and I am certain that the entire country will receive that part of his announcement with a good deal of satisfaction. But the other part of his announcement which dealt with old age pensions will be received by the country with a good deal of disappointment. I deplore it. I look upon it with disdain. I think it is a shame in the light of all the circumstances that nothing is to be done for the old age pensioners. The minister has referred to the constitution, legal difficulties over agreements, and so forth, which, he says, stand in the way. It is all very well for governments to hide behind the law and the constitution and so forth and so on as an excuse for not changing their policy, but what is parliament here for if not to legislate and amend and change things in the light of to-day? We are a legislative body, and that is just what we are here to do. If the government want to do anything to-day that suits their purposes, they do not consider for a moment the constitution and existing statutes; they go right ahead and by order in council contravene any statute that stands in the way. Therefore the minister's argument falls down there by reason of the government's own practice.

The minister seems to place the responsibility for old age pensions upon the provinces. But the rise in the cost of living which has taken place is not a provincial responsibility. It comes about by reason of the expansion of credit, because there is a war on and people are at work and spending money. The emergency is not a provincial emergency; it is a national emergency, and the old age pensioner is a national problem. I think the minister may be a little afraid that an increase in the old age pension will work toward that thing we call inflation. But suppose the provinces provide the money; the money would be spent anyhow, and it makes no difference as far as inflation is concerned whether the provinces or the dominion provide the money. The provinces, as a matter of fact, cannot provide the money. It is the dominion government which has had an increase in revenues. Perhaps I do not know the facts and figures of provincial revenues as well as I should, but I doubt whether provincial revenues have risen very much. They may even have decreased.

The minister said that 40 per cent of the government's spending was for the war. I do

not know what percentage of Great Britain's expenditure is for the war, but I think I could make a pretty good guess, and I know that in spite of all their war expenditure, their rationing and the huge taxation that is imposed upon their people, the British government has still found itself able to raise the old age pension in that country. It is a great shame in these days, with the cost of living rising as it has done and may continue to do in spite of the ceiling on prices, for us to say that we will see that the wage-earner and this class and that get a cost of living bonus, but that for our aged mothers and fathers we cannot afford to spend a dollar more. These aged mothers and fathers are the people who for the most part pioneered in this country and provided an opportunity for coming generations to live here.

There is this also to be noted. The earning power of our aged people has gone. They have no more opportunity in life to earn another dollar, and goodness knows the pension was low enough even when prices were low. How pitiful it must be now! The rising cost of living is working a tremendous hardship on these aged people, and yet we cannot provide an extra dollar or two for them. All we need to use is just the ordinary amount of common sense to see that these aged people who could barely live in days gone by on the meagre pensions they were receiving, certainly cannot live any better now, if as well, with the rising cost of living. The minister should go into this question more thoroughly with the provinces, and instead of putting the responsibility on the provinces to initiate action, let us look upon this as a national question, and let this government take the initiative and provide in this emergency the necessary funds. If the minister does not know where to get the money, we can tell him.

Mrs. NIELSEN: Mr. Chairman, since, this evening, we members have the opportunity, I believe, of speaking more or less along general lines, I feel that there are certain things which I should say before the adjournment.

It has been interesting, sitting here during these last two weeks, to listen to the questions which have been put and the answers which have been given. Somehow or another, sitting in this chamber, it has seemed difficult sometimes for me to realize that a war is actually in progress. I do not believe that I have ever seen quite so much apathy as I have noticed during the last few weeks among the members of this house. There seems to be an air of frustration and of futility such as has seldom been equalled during the time I have been here. There has seemed to be, somehow or another, such a lack of dynamic purpose; yet all of us will agree to-day that the necessity for the driving force of our whole activity is greater than it has ever been.

Of course, it is not so very long since the last adjournment; yet, living as we do in a world of such swiftly-moving events, great changes have taken place in the whole alignment of world forces since we left this chamber in the summer.

I should like to say a word or two with regard to the foreign policy of this government. That policy as a rule has been outlined by the Prime Minister. Looking over his speeches during the past eight years on this question, one does not find them always as clear-cut and as well-defined as one might hope to have them; they are more or less veiled in words and phrases. But I will concede that the speech which the Prime Minister made in this chamber a couple of weeks ago was about the clearest indication the Canadian people have had since he returned from England of a change in the foreign policy of this government. At the same time I doubt whether what he has said has been clearly understood by certain sections of our people, and I think they should understand these things.

In order to make a definite statement with regard to the change in policy it seems necessary to go back a while. The rise of aggression in Europe is an old story, and one which is now written indelibly on the pages of history. Neither wishes nor time can erase it. At the beginning, aggression reared its ugly head in Asia—in Manchukuo—then in Abyssinia, in Spain, in Austria, and so on. That is a story which everyone knows. The story of how the democracies rose to fight aggression is also known and is a matter of written record.

We all know and realize to-day that the policy which dominated Europe at the time of the rise of Hitler and aggression was the policy of Chamberlain, the policy of appeasement and isolation, the policy which Chamberlain, the Cliveden set, and some of the pro-fascist members of the British government helped to put into effect. It dominated the European scene during the rise of aggression.

It is, I believe, quite safe to say, in view of the speeches made by our Prime Minister during those years, that we in this country followed the appeasement policy of Mr. Chamberlain and supported isolation. It can safely be said to-day that the influences behind that policy more or less built up the forces of Hitler, seeking to direct them into certain channels. This policy aided in the building up of fascist Germany in the hope

that it could be kept like a dog on a leash and directed wherever the British government wished.

On March 30, 1939, our own Prime Minister made a speech which, although clothed, as most of his speeches are, in many words, definitely takes the stand for isolation. I quote briefly from that speech:

> In many, but certainly not in all cases, this growth of national feeling has strengthened the desire for a policy which its defenders call minding one's own business and which its critics call isolationism. . . . The idea that every twenty years this country should automatically and as a matter of course take part in a war overseas for democracy or self-determination of other small nations, that a country which has all it can do to run itself should feel called upon to save, periodically, a continent that cannot run itself, and to these ends risk the lives of its people, risk bankruptcy and political disunion, seems to many a nightmare and sheer madness.

That, I think, indicates, as well as any of the speeches the Prime Minister has made, his support of the appeasement policy. But we know now that appeasement was a fatal policy, which left the small nations of Europe one by one to stand alone in the pathway of the aggressor. If we look over the records of the dominion bureau of statistics we shall see that during the years of the rise of aggression we in this country actually supplied Germany with the munitions of war which she wanted. Any hon. member can look up those records for himself. Unfortunately, England did the same thing. One has only to look at the British *Financial Post* for the year 1939 to see the figures of the amounts of war material which were shipped from Britain to Germany direct, even without any payment of money, but by loans arranged through the Bank of England; and this was done until within one week of the declaration of war by Great Britain on Germany. Of course the purpose was that if Germany were so built up and strengthened, she should turn eastward and that there should be war between Germany and Russia, that the two should—possibly—destroy each other and leave England free to establish a hegemony over Europe. Hon. members will remember that materials were sent to Finland from Britain. They will remember the first Finnish war. England was so anxious to start war on Russia that she even aided the Finnish government in its first war on Russia. Materials were shipped and money was sent to build up the Mannerheim line, and at that time we were told that the poor little democratic government of Finland was set upon by the greedy Russian bear. It is wonderful, of course, the way time has of refuting lies, because to-day all the world recognizes the fascist nature of the Finnish government; it stands revealed on the stage of history where the drama of civilization is being enacted.

Then we came to a point where Russian diplomacy made a trade agreement with Germany, and England, being no longer in a position where she could dominate the scene, where she could lead or force Germany in any particular way, was forced to declare war.

Britain herself was then left, as a result of her own policy of appeasement and isolation, to stand practically alone except for her colonies, who were very ill prepared to help her, in the pathway of the dragon of fascism—the dragon which she herself had helped to grow to maturity and which now stood snarling upon her own doorstep.

The British people turned to Mr. Churchill. Mr. Churchill had always opposed the policy of Mr. Chamberlain, and had urged that Britain be prepared to fight. To me it is a remarkable thing how during the first years of the war the democracies seemed not to give a real expression of their effort to destroy fascism. The early stages of the war were characterized largely by a kind of stalemate; there was more of a sitzkrieg than of a blitzkrieg on the part of the democracies. The worst part of it was that at that time there was undoubtedly a concerted effort within the democracies themselves more or less to restrict and restrain the actual expression of democracy within their own peoples.

The classic example of this was France. Within France the ruling group, the men of Munich, did whatever was possible, and they certainly did a great deal, to destroy the trade union movement, the people's organizations, when they imprisoned and interned thousands of trade union leaders, and many of the communists, who would to the last drop of their blood have defended France against Germany. The French government was afraid to intervene on behalf of the democratic forces of the French people, and allowed the minority group finally to betray France into the hands of Germany.

We in this country had a taste of that repression. After war was declared, we had the defence of Canada regulations put into effect. We had the chief apologist for the Vichy government, our Minister of Justice, give us a little taste of, shall I say, Vichy justice or Vichy repression. The Canadian people were subjected to methods of coercion and repression, the loss of minority rights, the curtailment of free speech and free press. Right now it should be clearly said that if during the first part of this war the government of Canada had worked as assiduously to destroy Hitler and everything having to do with Hitler as it did to destroy the free

and democratic institutions of Canada, the Canadian people would have been more united in their first efforts.

There was a certain amount of apathy at the beginning of the war. Anyone who was close to the people of the country felt it and knew it, although of course government spokesmen would deny the fact, and have done so. But anyone who was close to the working people, through the first year or two of the war, will know that in the mouths of hundreds of thousands of Canadians, even mothers and fathers whose sons were in the fighting forces, there was often this phrase, "What are we fighting for?" Early this summer the battle of Britain was raging and democracy such as Britain has upheld was hanging by a slender thread. Soon after this house adjourned, when perhaps the peril of the British people was greater than it had ever been in the whole history of their existence, events took a dramatic turn, and Hitler, hoping to have the support in Britain of a government which he thought was the same as the Chamberlain government, turned his arms against Russia.

I do not know, although I believe, that most members of this house are aware that I was not born a Canadian. I am a Canadian by adoption, but the whole of my future life and the lives of my Canadian-born children are bound up in the future of Canada. At the same time, however, like everyone else, I have a deep and all-abiding love for the land of my birth and, during the months of spring and early summer, it was to me a terrible thing to think of the people of Britain suffering as they did through the battle of Britain. As soon as the armies of Germany turned upon Russia, the people of Britain, having suffered through that period, and feeling the results of that isolation policy, forced their Prime Minister, Mr. Churchill, once and for all, to sever himself from the idea of isolation and appeasement, with the result, which everyone now knows, that a collective security pact was made with the great powers of the world.

I think I can say most sincerely that when this pact of collective security was made it was the first real opportunity which the peoples of the democracies ever had for the utter crushing of Hitler. Before that, they had merely played at it; they had never been able with any degree of certainty to go forward in the knowledge that they could do it. It is a good thing to face facts and to acknowledge these things. The British people, because they have suffered, are not afraid to face facts. I have seen, in some British newspapers, astounding statements. For example, the *Evening Standard* a few months ago, writing immediately after the blowing up of the Dnieper dam, said:

> Certainly it will be criminal if our aid to the greatest ally we ever had is not Herculean. We must create a second front and not only in the air. We must haul off the tiger from the body of our friend, not by biting its tail, but by dealing violent and vicious blows against its body. As each new report reaches this country of Soviet valour and heroism, one question alone is raised in the minds of the British people. What are we doing to help our allies and to join in the battle? It is not sentiment which prompts this question; the plain facts of our own situation are known and can be stated.

I should like the members of the committee to listen to this; they will realize how the English people have faced the truth.

> Before Russia's entry into the battle the possibilities of a purely military victory over Germany did not exist. She possessed far greater resources in manpower and a continental industrial power which it would have taken us years to overhaul. Suddenly in a day the Russian resistance transformed the whole scene. But it will only remain transformed so long as the Russian armies are kept in existence and retain their power of counter-attack. If it had been the Russian armies, not the Russian Dnieper Dam, which had been broken in this past week, the possibilities of military victory would have receded once more beyond the horizon.

The *News Chronicle* of September 18 had this to say:

> Are we, too, going to play Hitler's game and let him dispose of his enemies one by one? . . . Will invasion of the continent be any easier in six months, twelve months or two years if Russia is broken through lack of timely diversion? The answer is no. It will probably be impossible and a large proportion of our great army will rot in idleness on our coasts.

Our own colonel in chief of the Canadian armies has spoken about the need for opening up a western front. He has said that to defeat the Germans we must defeat them on the land. Will it be any easier if it is left until later? This government should realize at the present time how many thousands of Canadians are joining with the British people in demanding that the allies do whatever is possible for opening up another western front. There must have been many Canadians who, when the pact of collective security was made, wondered as I wondered what stand this country would take. The policy of this country had been to follow the policy of appeasement and isolation; and here was Mr. Churchill taking a direct stand in opposition to that, and advancing, instead, the policy of collective security.

When our Prime Minister spoke in England at the Lord Mayor's banquet, although the greatest battle in all history was raging from Leningrad to the Black sea, he did not mention it, an omission for which he was severely criticized in the British papers. When he came back to Canada he certainly did

make a speech over the air in which he said in so many words that free men must now get together to defeat the common enemy. But it was not until I came to the house two weeks ago and listened to the Prime Minister that I really had any confidence that this government had changed its foreign policy and was now in agreement with the idea of collective security, and that it was then really and truly willing to put the forces of Canada beside those of Britain, Russia and the United States for the defeat of Hitler. Considering that our Prime Minister did make a speech in which he praised Russian arms, in which he acknowledged that to-day they were stemming the tide of fascism and holding the dike for the rest of the democracies, I think it was a pity that he did not go just a little further.

As hon. members know, a few days ago the Russian people celebrated one of their anniversaries. The British people, I believe through Mr. Anthony Eden, sent them a message. The people of the United States sent them a message. In Australia the government demanded that on public buildings the Russian flag be flown beside the Australian flag. But in Canada the day passed, as far as I was aware, without a single statement being made by our Prime Minister, or any message being sent to the Russian people. At the time I did not quite know what should be done. It seemed a very poor thing, I thought, that we in Canada should not stand with the other democraries in sending a word of encouragement to the Russian people. On November 4 I received a telegram from the Tass agency of New York city, asking if I would send a few words in a telegram to the people of the Union of Soviet Socialist Republics. At that time I did not know whether our Prime Minister or any member of the government was going to send a message. Therefore my own message was very brief. Since to my knowledge nothing was sent on behalf of the government, I believe there are thousands of Canadian people who will be glad to know that at least one member of this house sent a message to the Russian people on behalf of the people of Canada who to-day are satisfied that Russia is defending democracy along with the rest of us. I should like to read the few words that I sent, so that the people of this country may know what I said:

On behalf of the workers and farmers of Canada, I send greetings to the peoples of the soviet union. The great heart of democracy which throbs with the vitality of the people will live on bringing final destruction to the fascists. Your courage and bravery is like a lamp which shines out across the world lighting in us the same flame of resolve. We will not fail you. We will see that the wheels of industry do not cease. The strength of our right arm and the power of our back shall continuously labour to send the supplies you need. Fight on, brave people. We stand beside you to the end, till victory is won for us all.

[Mrs. Nielsen.]

I sent that telegram hoping that one message like that coming from Canada would reassure the Russian people that we were not forgetting them.

At this time, more than ever before, there is need for national unity, unity which takes no heed of class or creed or race or politics; because if now the great powers of democracy are united for the final destruction of Hitler, there are no people anywhere within those democracies who are not ready and willing to give the greatest possible support. I only wish the Prime Minister had made a more stirring appeal to the people of Canada at this time, in order to rally them. Here we are about to adjourn this sitting. Weeks will pass before we meet again. Many things may happen in the interval, and I feel that the Prime Minister has not really said enough in this house to rally and urge the Canadian people to a further spurt of effort. I should like to add my voice to anything the Prime Minister has said in calling upon the working people, to enlist not only their sympathy but also their greater support. I feel sure that if the Prime Minister would implement some of the fine words he has uttered by some action, the awakening of the Canadian people to the realization that further effort is required would come more quickly.

It has been a cause of great wonder to some of the people of Canada why the Prime Minister, who has acknowledged his willingness to join the pact for collective security, has not extended to Britain's new ally full diplomatic relationship, as he could. Why have not trade and diplomatic relations been opened up between this country and Russia? I take this opportunity to ask the government, on behalf of thousands of our Canadian people, to consider opening up these relations just as soon as that may be done. Then the people of this country will be in a better position to know just what aid is given Russia.

I think I can also say that it would do much to reassure the Canadian people if at this time our government would get rid of the Vichy representative. I do not know anything about that gentleman personally, but I do know, as thousands of Canadian people know, that Vichy is not our friend. Beyond any shadow of doubt Vichy has placed itself on the side of German aggression. Why in the world should we have to tolerate an enemy within our gate? As far as I can see, there is no reason for it. If Britain wants a Vichy representative somewhere, let Britain have the

Vichy representative in her own country. We in Canada do not want him. I would say that the sooner we get rid of that gentleman, the greater will be the encouragement to our people to go ahead with a job that has to be done. It is a very bad thing to have the Vichy representative here any longer; we do not want him to teach our Minister of Justice any more Vichy tricks of repression.

I would ask also that before the next session the government, as has been suggested by the hon. member for Weyburn, should give further consideration to the plight of our western farmers. Hon. members know already that the wheat pools of the west have formulated a four-point programme which has been supported by all groups in the west, irrespective of party affiliations. After the wheat pools formulated those four moderate demands they were placed politely before the government for consideration. But when the Minister of Agriculture spoke over the air in reply to the wheat pools, the things he said were like a slap in the face to a hungry man. I would say also that the deep, icy silence of prairie winter will not be worse than the brooding resentment and despair which are felt among our people. The freezing winds which sweep over the prairies this winter will not be so chill as the sense of injustice which will be felt by the people on the prairies.

The other night the hon. member for Melfort outlined conditions in his constituency. Conditions are even worse in my part of Saskatchewan, for we suffered from drought this summer. I noticed some lists in one of the newspapers in the city of North Battleford. I had one or two people check over those lists with me, and I found that in three municipalities in the vicinity of North Battleford there are no less than 660 farms on which tax liens will have to be placed on or about December 1 if arrears of taxes are not paid. Surely that is a damning indictment of our agricultural policies. I cannot stress too strongly the need for the government to try to find some way to equalize the sacrifice as between the east and the west, to give our western people an opportunity better to maintain themselves on the land.

There is one other point I should like to mention in connection with arousing and stimulating our Canadian people in response to our war effort. I mentioned it briefly this afternoon, when I referred to those of our labour leaders and anti-fascists who are interned in this country. You may have your own ideas about these men, and so may I. In a democracy, that is one of the advantages—that you may have your ideas and I may have mine. But I think we may all agree that without any shadow of doubt there are certain of those men in the internment camps to-day who could do more to stir up certain sections of our working people in support of the war effort than could any other people. As long as they are kept in the internment camps we are going to have certain sections of the working people who are disunited and not as strong in their efforts to support this war as we might wish them to be.

There is one further point which will be of interest to the women of this country. I believe that when many of the women read their papers to-morrow they will feel very happy indeed to know that at last the government have done something with regard to their pensions, and dependents' allowances. I was going to ask the government to-night to do something in that regard, and as a woman I cannot help thanking them for relieving the anxiety and the burden of fear from the minds of so many Canadian women.

During these last few years, undoubtedly numbers of our women who could not do anything but stay at home and mind their families have had to carry undue burdens of fear, owing to the fact that their husbands were in the armed forces, and they were left to get along on allowances, and were not able to maintain their families as they would like to have done.

I know that in the past the people of Canada have felt, and I believe they still feel, that if this government would intervene a little more on behalf of our labour forces a greater amount of energy would be liberated in this war effort. In other words I would ask the government before the next session begins to intercede on behalf of democracy, and to try to see that the small minority group of industrialists within this country do not take from the rights of the workers, as they have done and appear to be doing at the present time. I say that because I really believe that to-day there are certain groups of industrialists in Canada to whom the making of profit is the paramount consideration, over and above the consideration of whether or not we win the war.

That is a charge. I know it is a charge. But I do not know whether there are any government spokesmen to-day who would dare to deny it. If we remember the history of France we will know that it was a small group within France who led to her final downfall, because they withheld the power of democracy from the people. Do not let that happen here. We do not want a small group in this country to attempt to hold back the forces of the people. I would say that if the government will allow democracy to function, they will find a great heart among the working people

which will beat in steady, pulsing rhythm, and they will feel from it an increased momentum in the war effort.

The government should let us breathe once more in this country the free air of democracy by removing the restrictions of the defence of Canada regulations. Give us the chance to breathe once more into our nostrils the air of freedom, so that we can stimulate the activity of the people. I would ask the government to unleash the power of democracy, because if the people of Canada have its full power they will go forward, like a flood after drought, a flood which will wash away the blight and disease of fascism and aggression. If the government will accept the full power of the workers, as those workers would like to give it, I feel sure we shall have a new strength and a new vigour in this whole movement.

I can remember that on the first ocasion I spoke in this chamber I asked what women have to do with war. When it was a question of war, to direct or to manipulate the forces of aggression and facism, I can honestly say that I, as a woman in this country, took very little heed of it. I did not see where it would be of any benefit to the people. But to-day, when we have the united power of all the democracies ready and willing finally to crush Hitler I would say as a woman of Canada that I want to stand beside the men, and do everything possible for the winning of the war.

The women of Russia, the women of Great Britain, the women of the United States, and the women of Canada will, I feel sure, from now on give everything possible. I have gone even so far as to go to the Minister of National Defence and ask him if a place might be found for me in the women's army. I did that because I thought that in that way I might be further able to stimulate the working women of this country, and to make them realize the necessity for a national effort, irrespective of party, creed, race or colour, if fascism is going to be destroyed.

If we can liberate democracy in this country and give it a chance to fight, then I believe we can say to the tortured peoples of the conquered countries of Europe, in the words of the late Norman Rogers: "In faith we will fight on. We will resist; we will endure. We will take the offensive, and we will win."

Mr. ROBERT FAIR (Battle River): Mr. Chairman, during the past two weeks a variety of subjects has been discussed, and while I am sorry no legislation has been brought before the house, or no opportunity given to us to do anything constructive, other than to express our opinion, I was glad to hear the Minister of Finance (Mr. Ilsley) make the statement he did make after the dinner recess. I refer to his statement respecting allowances for dependent mothers of soldiers.

I would ask the minister whether he would also include in that group the dependent fathers of soldiers. I understand no provision is made in the regulations whereby dependent fathers may receive any allowance. At the same time I have in mind certain cases where I believe allowances would be proper. I believe the allowances for dependent fathers demand the same consideration as do those for dependent mothers of soldiers.

The case I have in mind is that of a crippled father, a man who must get round in a wheel-chair, and who cannot leave the wheel-chair unless he is lifted by someone who must be hired part of the time to perform that service. Early in September, 1939, this man's only son enlisted and has been in England for eighteen months. The father had considerable difficulty in getting any allowance for himself or his fifteen-year old daughter. I would ask the Minister of Finance to consider such cases as this, and have the regulations amended accordingly.

I should like also to say a word on behalf of the old age pensioners. For a number of months past I believe most hon. members have been receiving letters from old age pensioners and potential old age pensioners. With those letters we sometimes received suggestions, and I am going to read one which came to me just a few days ago. It is headed "The Pensioner's Psalm", and is as follows:

> The Politician is my Shepherd;
> I am in Want.
> He maketh me to lie down in misery; he leadeth me beside still factories.
> He disturbeth my soul; he leadeth me in the paths of destruction for his party's sake.
> His policies frighten me; he taxeth my food in the presence of mine enemies.
> He anointeth my pension with "Means Tests": My expense runneth over.
> Surely poverty shall follow me all the days of my life: I shall dwell in a mortgaged state for ever.

I believe that gives an accurate account of the stand some of the politicians take in connection with our old people. I do not wish to be classed among the politicians, because what I have to say to-night is for the earnest consideration of the committee and the government. I speak on behalf of the old age pensioners, and the potential old age pensioners. I have lived in Canada for a number of years.

On another occasion I pointed out to the house that if the people across Canada were given the right price for the fruits of their labour, if they were not legally robbed, there would not be the need for the paying out of so much money in the form of old age pensions. The conditions which have existed and do exist could be easily corrected by the government. The people should be given a chance to get something for what they produce and for the labour they give to industry. I believe the minimum for old age pensions should be reduced from seventy to sixty-five years, and the pension itself should be raised from $20 to $30 a month.

Some will ask: Where is the money to come from? That question was asked in 1938 and 1939 when people were trying to get relief from this and the previous governments. But since 1939 we have not heard that question asked. What we have heard is several ministers saying that whatever is needed physically will be made possible financially. Only this morning I saw in the morning *Citizen* where the president of the bankers' association stated that there would be no trouble about financing this war. If we can provide finances for war and destruction, then why in the name of common sense cannot we provide them for peacetime constructive purposes? I am one of these old men of thirty-seven years or more. I plead with the government once more to take into consideration the plight of these old age pensioners and do something for them that is really worth while. It can be done and it should be done.

Being one of those who has been robbed in the past, legally it is true, I think it is my job to-night to direct the attention of the government to the plight of agriculture all across Canada and particularly in western Canada. Going back to 1935 when the wheat board was first set up, we find there was an initial payment of 87½ cents a bushel. In 1936 the same price was paid and in 1937 it was continued, but with certain restrictions upon the operations of the wheat board, into which I shall not go at this time. In 1938 the price was cut down to 80 cents a bushel. I do not know why that was done. In 1939 there was a further cut to 70 cents a bushel, but a system of bonuses was instituted. There were other limitations which tended to cut down the income of the western farmer. That continued in 1940. In 1941, in order to help win the war, we were asked to cut the production of wheat, and a wheat acreage bonus was introduced by regulation. This provided for a payment to a farmer who summer-fallowed his land and took it out of production.

Because the government realized the wrongs that had been done to agriculture and wanted to make some amendment, they came out recently with the announcement of another wholesale relief bonus. In western Canada a bonus of 75 cents an acre is to be paid on a maximum of 200 acres; those who have less than 400 acres will receive 75 cents an acre on half the cultivated acreage. If the farmers of eastern Canada or British Columbia feel that they do not come within this class I would remind them that this bonus is being extended to them in the form of free freight on feed grains.

I should like to refer for a moment to the soldier settlers who went on the land after the last great war. On several occasions we have pleaded for better treatment for these settlers. This is something that should be taken note of at this time because we are looking for men to go overseas. No doubt the men who come back from this war will expect to receive the same treatment as those who came back from the first great war. The soldier settlement scheme was set up after the first great war and 10,710 men took advantage of it. Up to this past summer 2,592 or approximately, about 24 per cent, had paid for their farms in full. A total of 3,004, or about 28 per cent, had an equity of 40 per cent or more in their farms; 1,645, or about 15 per cent, had an equity of 10 to 40 per cent in their farms and 3,469, or about 33 per cent, had little or no equity.

To break these figures up still more we find that 2,300 have a fighting chance. These men have been fighting ever since they went on the land and they will have to continue to fight. Approximately 1,100 have little prospect of making good. It might be of interest to hon. members to know that where a man has enlisted and has not been able to keep up his payments, the department concerned confiscates part of the allowances paid. Is this fair and decent treatment for our soldier settlers? In twenty years the land they are on has not been able to earn enough to pay the payments, and yet the government comes along and confiscates part of the dependents' allowances which rightfully belong to the families of the men who own the farms. I shall not go into this any further at the present time, but I intend to go into it more fully at a later date.

Recently we had the announcement of price-fixing regulations. I am glad to see that these have come at last, but I would have preferred to have them at an earlier date. I would prefer also to have had the prices regulated on a parity basis. If we

compare the position of agriculture with that of industry, we find that just before the war broke out, industry went on a sit-down strike and refused to work until the profit restrictions which had been imposed by this parliament were removed by order in council late in August, 1939. Taking the case of organized labour, we find that these men are guaranteed the highest level of wages that existed between 1926 and 1929, and in addition they are given a cost of living bonus. I am not opposed to that, but when we come to consider agriculture, the poor relation of this Canada of ours, we find that if we were to get the same price level for our wheat that we got in 1929 we would receive $1.35 a bushel for No. 1 northern, Fort William, instead of the seventy cents we receive at the present time. We were told that the farmer would have to take the rap during the first two years of the war, but I was in hopes that something would be done after we had taken the rap for those two years. I went back to see what prices had been in the third year of the last war, and I found that the average price of wheat during the third year of the last war was $2.05 cents a bushel; oats, 63.2 cents; barley, $1.09; and flax, $2.68. I mention the price of wheat particularly because it is the basic industry of western Canada and, as I say, in the third year of the last war we were receiving $2.05 a bushel, while in the third year of the present war we are receiving seventy cents a bushel for No. 1 northern, Fort William. That is the guaranteed minimum price.

If other conditions were equal, it would not be quite so bad, but I draw the attention of the government and of this committee to the fact that at that time we could buy an eight-foot binder for $167 and to-day we pay for that same binder no less than $342. I would ask the Minister of Agriculture, the Minister of Trade and Commerce, and the Minister of Finance who holds the purse strings, how farmers can make a living and pay their debts under those conditions? It simply cannot be done. Although the Minister of Agriculture has tried to tell western Canada and all of Canada that we are actually receiving ninety cents a bushel or better for our wheat I, as a practical farmer, know that that is not the situation. I am selling wheat, and I have sold it this year, for 48½ cents a bushel delivered to the local elevator. That is for grade 2. If I got seventy-five cents an acre bonus, it would net me three cents a bushel more, or fifty-one cents a bushel at the local elevator.

I know that the farmers of Canada from one end to the other are not asking for and do not want charity. I maintain here to-night, as I have on other occasions, that we are being robbed; and we are demanding at least a portion of that which is being stolen from us. During the early part of this session the Minister of Agriculture told one of the members of the loyal opposition that if the farmers were getting what they were entitled to, Canada would have at least $100,000,000 less for the war effort. That figure is not high enough. If the minister had made it $250,000,000 for wheat alone, I would have agreed with him on that particular occasion. But that is the kind of treatment we are getting, and I say that we are entitled to something better.

We have on a number of occasions advocated a price of one dollar a bushel for No. 1 northern, delivered at the local elevator. I do not think that is too much, and if that price applied for the first two thousand bushels the farmer delivered, it would not be necessary to go into a lot of these other schemes, such as acreage bonus, and so forth. The trouble is that the Minister of Agriculture and the government are trying to treat agriculture all round as only certain sections of it should be treated. Agriculture as a whole is passing through a period of depression. The prices that we get for our wheat would not be sufficient even if we had abundant crops, and special provision should be made by way of bonus or other assistance for that part of the industry which is suffering from crop failures.

We have heard in this country a great deal of talk about Canadian unity. We hear politicians on the platform, speakers on the radio, and certain sections of the press continually urging Canadian unity, but I ask this committee and the government, how can we have Canadian unity when one section of the country is making profits that are entirely out of line in war-time, while another section is selling at half the cost of production? It simply cannot be done, and on behalf of the people I represent, as well as the people of Canada as a whole, I ask that simple justice be meted out to agriculture so that we may be given an opportunity to do our share in getting justice for Canada and in ridding the world of Hitlerism.

Mr. PERLEY: The Chairman has sent me a note threatening to throw me out if I take longer than five minutes. There was one occasion in this house when I came pretty near being thrown out, so I am not going to take any chances now. We have been here for two weeks, and only now in the dying minutes of the session have we an opportunity to say something about agriculture, marketing and kindred subjects. I want to protest

against this procedure. I can recall three occasions during the last four sessions when a similar thing occurred, and this all-important question was brought up only in the dying hours of the session.

The hon. member for Weyburn to-night has covered the whole situation and reviewed conditions in western Canada so well that if I had had the floor before him I would have said pretty much all that he has said. I recall a similar situation at a pool mass meeting in the west. The Hon. Mr. Motherwell was there, and we were charged not to be critical in our addresses. Therefore when I followed him I said that it would be easy for me to live up to those instructions because, if I wanted to be critical, I could not make half as good a job of it as the Hon. Mr. Motherwell had done. Accordingly to-night I feel I cannot make any better job of it than the hon. member for Weyburn has done, and I think I will leave it there.

It seems to me that the government have decided that they will not be jarred from their position. We cannot jar the Minister of Trade and Commerce from his seat to tell us something about the wheat marketing policy of the government, and on looking at the Minister of Agriculture as I have faced him during a number of sessions, I feel that he, too, does not intend to be jarred out of his seat to-night.

The pool may be down here in a little while with their recommendations. I think that the four recommendations they have made to the government are just and fair. I believe the Minister of Agriculture has already accepted one or two of them, and I would implore the government to give those recommendations serious consideration and to adopt them all. I have not time to go into them, but my position is quite clear. I may say that everything that organization in western Canada has advocated in the last three or four months I have been advocating in this house for the last three or four years. I implore the government and the minister to save agriculture, which to-day is facing a crisis—save agriculture in this emergency as you are saving other industries in Canada. That is all the people of western Canada want —a square deal for agriculture. I see my five minutes are up, and I will sit down as I promised the Chairman.

Mr. MacINNIS: I am sorry the Prime Minister is not in his seat. I wish to refer to a question which I asked him the other day. His answer to my questioin with regard to the continued arrest and internment of certain persons in Canada was not satisfactory.

I know that the Prime Minister and other hon. members will realize that this is not a conversion on my part which has taken place since June 22 last. But if there was anything necessary to convince members of the government, and particularly the Department of Justice, of the folly, from both an economic and a psychological point of view, of continuing to keep in internment camps a certain class of internees, I believe the speech which was made here this evening should carry conviction to them. There has been a change. These people were interned because they might commit or had committed subversive acts. As there is now no possibility that they will commit subversive acts, at any rate until the "line" changes again, I see no reason why the whole question should not be reconsidered and these people released. I notice that, in a great many letters which I have received during the last few weeks, they are now making their plea for release on the basis that they are anti-fascists. That is a new departure since June 22, 1941. Prior to that date they were asking for release on the ground that they were arrested on account of their labour activities. Whether that is so or not, I think we can agree that to-day they are definitely anti-fascist. I see no reason in the world why this country should maintain them in internment camps when we can now get their assistance in carrying on the war effort and anything else which may be for the benefit of the country. I suggest that some members of the government bring this matter to the attention of the Prime Minister and of the Department of Justice and let them give it consideration before we meet again. I hope that something will be done in the matter, because I do not believe it is a good thing for the country that it be left as it is now.

Mr. MACKENZIE (Vancouver Centre): I shall be glad to see that it is brought to the attention of the acting Minister of Justice.

Mr. GREEN: The Minister of Munitions and Supply promised the other day to make a statement with regard to the training of merchant seamen. Is he in a position to make that statement now?

Mr. HOWE: I have obtained some information from the officers of the Department of Transport. The two projects go side by side —the seamen's manning pools and the seamen's training classes.

The manning pools are already in existence. There is a manning pool in operation in Montreal, with accommodation for about 850 seamen; there is a small manning pool in operation at Halifax, where a building is being completed for a much larger pool which is needed at that point; and plans are under way

to build a manning pool in Vancouver. In the manning pool the seaman who for any reason leaves his ship, or, rather—as many are—is sent out from the old country to fill vacancies in British ships, will go into the pool, where he will be furnished with board and lodging and will receive the pay of his rank in actual service. In other words, he will be in service and ready for assignment to a ship when a vacancy occurs.

The training project is just being put under way. As my hon. friend knows, for a number of years there have been under the Department of Transport training schools for officers. These are located at a number of points across Canada, and they will continue to serve to train officers for the merchant marine. The schools will be expanded and brought up to requirements for that service.

Schools for seamen are being established, one near Halifax and one near Kingston. The one at Halifax is to train able-bodied seamen, and the one at Kingston is for the training of stokers, firemen and engine-room workers.

Arrangements have been made so that seamen in training can also be trained in actual service on ships. After a seaman has had—I believe it is—eight weeks' training, a place will be found for him on a merchant ship with more experienced seamen so that he can qualify for an able-bodied seaman's ticket.

The plan for training of seamen will be extended to the Pacific coast as soon as the schools in the east are well under way.

It will be necessary for Canada to man many of the new ships as they come into service. The first ships, those which have already been launched, have been built for British government account, but even of those ships, some have been assigned for operation to the Cunard-White Star company, and one or two have been assigned for operation to the Canadian government merchant marine. Canadian crews will be required for at least some of the ships built for Britain and, of course, for all ships built for or operated by Canadian companies on Canadian account.

My hon. friend asked what is the crew of a merchant ship of that type. The crew amounts to a total of forty-five men. It is the purpose of the schools for merchant seamen, the schools for engine-room seamen, and the schools for officers, to train men rapidly enough to man these boats as they are required.

At the same time we are performing a service for the British government and for non-allied governments in maintaining pools for seamen and in looking after the welfare of seamen while they are in port and not assigned to ships.

[Mr. Howe.]

Mr. GREEN: Thank you.

Mr. QUELCH: There are several questions which I wanted to ask the Minister of Agriculture, but, as the time is getting late and I do not know whether the house is going to sit to-morrow, I shall content myself with asking one question.

The Minister of Agriculture is well aware that in certain parts of the west there is a good deal of discontent at the present time at the way in which the summer-fallow bonus is being administered. I have had several complaints that the amount claimed by farmers is being cut down considerably. The other complaint is of the delay in making the payment. The reason which has been advanced by the department for the cutting down of the claims is twofold: first of all, owing to the fact that the statements filed by the farmers under the Prairie Farm Assistance Act in 1939 and 1940 did not coincide with the statements filed in 1941, and second, owing to the definition of the term "summer-fallow." I cannot understand why the department should take the stand that statements filed under the Prairie Farm Assistance Act in 1939 and 1940 are 100 per cent correct and the statements filed in 1941 are incorrect. That is apparently their stand on the question of summer-fallow. I realized when the measure was first introduced that there was bound to be a good deal of trouble with regard to the definition of "summer-fallow," and I asked the minister then whether or not in the drought area it would be recognized that land which was allowed to go to weeds, burned in the spring and seeded to wheat was summer-fallow. He replied that whatever the practice was in any locality, that practice would be recognized as summer-fallow. The farmers in the drought area were uncertain about this. I held many meetings and told them that in my opinion, if it was the usual practice the government would allow it to be regarded as summer-fallow; but to make sure a letter was sent to Mr. Barrie from whose reply I quote as follows:

> If it is the custom to allow the land in your district to lie fallow, grow to weeds, burn in the spring and sow to grain, this plan of summer-fallow will be accepted.

I understand that there has been a great deal of trouble in that district with regard to that very thing. The amount of the payment is being cut owing to the fact that farmers have not cultivated the land but have allowed it to go to weeds. I do not say whether that is the right procedure, but that is recognized in the district. I was taken by a number of farmers to different fields where side by side they showed me one field that had been summer-fallowed by cultivation and the other

field allowed to lie fallow and burned in the spring, and one could see no difference between the two groups. Possibly the grain grown on cultivated land was a little greener than the crop on the land that had been burned off. In view of the fact that the Minister of Agriculture and the department at Edmonton told these farmers—and they have letters on file to prove it—that whatever had been the procedure in the district would be recognized, I cannot understand the government now cutting down their claims because they have not cultivated the land. Can the minister deal with that?

Mr. GARDINER: Answering the first question as to delays on checking 1939 and 1940, I think the hon. member for Acadia will agree when I say that when the regulations were brought down first in the early part of the session no provision was made to take 1939 into consideration. I believe I am right in saying that the hon. member for Acadia was the first one to ask to have that done. I am not trying to place the responsibility upon him for its having been done. After I had listened to his representations and the representations of others, and giving the matter some consideration, I as Minister of Agriculture advised the government by myself to have the check made on 1939 and 1940. I must say that after having had the experience we have had with it this summer, if it were being done again I do not think I would give the same advice to the government. I think the delays in connection with the administration as a result of having taken 1939 into consideration at all have caused far more hardship, and expense to the government, than any benefits that are going to be derived from having denied a comparatively few people the payment on a greatly increased crop during 1940. Nevertheless that principle was adopted, and there has been some delay as a result of it, because we have had to take two years under consideration.

This, however, should be stated. According to the information which I was given early in the session, at least 60 per cent of all farmers who turned in applications or who filled out questionnaires during 1939 and 1940, when they put in their returns in 1941 showed a sufficient correspondence in those returns for the three years to make it possible to pass their applications for the amount they asked for. As regards the other 40 per cent, there were such differences as between the figures they put in one year for a particular year and the figures they put in another year for the same year that further checks had to be made, and there was a great deal of delay on that account. The matter of checking was, as a result of that, somewhat more expensive during this year than during previous years.

While I am dealing with the subject I might answer a question raised by the hon. member for Melfort last evening. He asked as to the numbers engaged in inspection this year compared with other years. The figure which gives the fairest comparison is the figure of man-days involved in the inspections in the three years during which we have had prairie farm assistance, and this year, as we have stated, we have had some staffs added to take care of additional work. That is the work of dealing with wheat acreage reduction. The man-days for 1939 numbered 14,676, and for 1940 the number was 17,693. The man-days up to the present for this year, which is not the complete year, number 19,503. The number of inspectors that are on is not a proper check upon the expense or even the amount of time that will be involved.

Mr. MACKENZIE KING: If the committee will pardon me for a moment, it is nearly eleven o'clock. Might I suggest that the house give its consent to continue in commitee until we conclude.

Mr. GARDINER: As to why we have an inspector in each municipality, I may say that while I am not personally in entire agreement that all the inspections made were necessary, all departments of government are subject to the checks made by the auditors and by the comptroller of the treasury, and it was insisted that many more inspections might be made than probably we as a department would have made as a matter of administration. After all, however, those actually paying the funds have something to say about when they should be paid, and the inspections were made on the basis that we were required to make them.

With regard to summer-fallow, I might say that the statement which was made by the member for Acadia is practically the statement which I made to the house last year. The statement made by Mr. Barrie in general terms is the proper way of dealing with the matter of summer-fallow. I would, however, point out that after considering the question with the inspectors and others, it has been thought unwise to make a final settlement with regard to summer-fallow that is done on that basis, or according to that plan, until next spring, the reason being that if one wishes to abandon the land, he can take his payments in the fall of the year and disappear, and the land will probably not be put into crop in the succeeding year. That might not happen in many cases, but it is a possibility, and the decision

has been made to withhold payments on summer-fallow that are claimed to be done when they are left to grow Russian thistle, to gather snow in the winter and to be cleared in the spring and seeded.

Mr. QUELCH: Withhold the complete payment, or part of it?

Mr. GARDINER: I would presume that if the payment is going to be made at all, the complete payment will be made, but the decision will be reached as to whether it is the proper method of summer-fallowing in that particular district. If it is decided that it is the usual method there, and that the individual will go right through with his programme for the year on that basis, then it will be possible to reach a decision in his favour.

Mr. QUELCH: The minister is quite aware, is he not, that this is a very general practice in part of the drought area, where the farmers are probably harder up than in any other part? If payment is withheld until next spring, a critical situation will be created. Surely the government could make a partial payment to tide these people over the winter. They have to buy coal, and everything else. Could at least a 50 per cent payment not be made now?

Mr. GARDINER: I am not aware from personal knowledge that summer-fallowing is done in that way. I have never known anyone who has done it in that way; but I have had reports from those who should know —and I presume, in view of the fact that the area where this is claimed to be done is largely in the constituency of Acadia, that I can take the word of the hon. member— that it is done in this way by some of the people there from year to year. I would, however, point out that in making the last $20,000,000 payment we shall be paying to all of those farmers certain amounts in December and March, when the money under the Prairie Farm Assistance Act ordinarily would be paid, so they will not be entirely without any payment. I would think that probably some check might be made in connection with individual cases, and where inspection renders it possible to make payment, part of the payment might be made.

The plan we are following at the moment is the one I explained the other day. All the claims recognized up to the present time are being paid immediately to the extent of 75 per cent of the amounts claimed; then we are making the adjustments from the other 25 per cent, if there is any difference of opinion as between the department and the individual.

[Mr. Gardiner.]

Mr. HANSELL: There is an impression abroad in certain parts of western Canada that the 75 cents bonus on the acreage is not applicable to irrigation districts. Are we to understand that to be the situation?

Mr. GARDINER: As the regulations read at the moment, the payments are not applicable to irrigated districts; but the question of whether they can be made applicable and how that might be done is still under consideration. A check is being made on the irrigated districts and regulations are being considered in that connection. This is intended to be a payment to increase the income of grain-growing farmers, particularly wheat growers, in western Canada. Where a farmer merely grows a field of wheat as part of his plan of rotation, in order that he may grow beets or something of that kind, it is not thought that payment should be made. But where the type of farming carried on in an irrigation district is such as to require the greater part of the crop to be grain, then it is the intention to try to work out some plan of making the payments.

Mr. HANSELL: I am very glad to hear the minister say that this matter is still under consideration. I am sure he is quite familiar with the problem. The fact of the matter is that in some irrigation districts the farmer will use water for only part of his farm, and not necessarily for that portion devoted to wheat. If the whole district is to be taken in, and the acreage bonus not paid, some of those individual farmers are going to suffer. There is the further point that these farmers are under a greater expense by reason of the fact that they have to pay for their water. I think it is correct to say also that the regulations are based on the Prairie Farm Assistance Act, under which, of course, these farmers have to make their contribution of one per cent of the wheat they grow. I shall, however, be quite satisfied if the department will consider this whole matter in the most favourable light, and decide to give those districts the 75 cents additional bonus.

Mr. GILLIS: Just before the close of last session there was tabled in the house the report of a special parliamentary committee containing certain recommendations, two of which I have in mind at the moment. One was the extension of the War Veterans' Allowance Act to take in certain classifications of widows. I have heard no mention of that. The other was the extension of an order in council applying to men serving in the merchant marine, to include men who served in the convoy service. Nothing has been done

about that. I believe that is a question which the minister for the navy should take under consideration. I have come in contact with many families who have suffered a great deal of hardship by reason of this situation. Men join the convoy ships. If the ships are of British or foreign registry, their families are left for months at a time practically as the recipients of relief, while the husband or breadwinner is performing a very useful service. If the provisions of the order in council which brings the merchant marine service within the pension legislation of the government is not made applicable to this class of service, then I think the shipping offices who sign on these men for convoy service should ascertain whether or not such men are leaving families in Canada. If they are, they should be compelled to make at least an assignment of pay. That is not being done at the present time, and I know that in eastern Canada, in both Halifax and Sydney, a great deal of hardship has resulted.

While I am on my feet I should like to bring one matter to the attention of the Minister of Munitions and Supply. On many occasions in this house I have endeavoured to impress upon the responsible ministers that coal-mining in Nova Scotia is on the wane and that a great deal of unemployment, both actual and potential, exists there. To-day I picked up a clipping from one of the newspapers of that district, in which it was stated that in the town of Reserve a mine which has been employing some 350 men is about to close down, because it is worked out. This means that 350 men are to be displaced. Some arrangements were in contemplation with regard to the opening of another colliery, but that has not been done.

This is what I have in mind. I corresponded with the minister with respect to a machine shop in the town of Glace Bay, which is about two and a half miles from the town in which this mine is located. If this machine shop could be used for war purposes, it would increase employment; and of these 350 men who will be displaced from that mine I am sure there are many who can be utilized in other industries. I just leave this thought with the minister. I hope he will give consideration to the possibility of utilizing these men somewhere else, because that mine is definitely closing. Within a week or so 350 men will be out of work, and this means the life of the entire community.

Mr. MACKENZIE (Vancouver Centre): With reference to the question the hon. gentleman directed to me I would tell him that I made a statement the other day concerning the recommendations with regard to the War Veterans' Allowance Act, in which I said that the government had decided that the act would not be amended at this or the next session. I have prepared a complete report as to the action taken on every single recommendation of that committee, which I intend to table as soon as the new session opens. In the meantime I shall be glad to send a copy of the report to my hon. friend.

Mr. HOWE: With regard to the suggestion about labour, I may say to my hon. friend that I read the dispatch in the paper and I understood that a new seam was being opened up. I can say, however, that those men will be very welcome either at Sydney or at Halifax where a new machine shop with very considerable capacity has been opened for the repair of ships. Where there was a shortage last year of longshoremen there probably will be a greater shortage this year.

Mr. HANSELL: I asked a question of the Minister of Pensions and National Health at the beginning of this part of the session as to whether he might have something to say respecting plans for the post-war period. I am not asking that he take the time of the committee to-night to say anything about that matter, because the hour is getting late. The war may not be over yet for a couple of months, and no doubt there will be time for him to make a statement. But are we to understand that he will make a statement to the house with regard to what his committee is doing in respect of plans for the post-war period?

Mr. MACKENZIE (Vancouver Centre): A statement was prepared for this part of the session. But from a becoming sense of modesty I did not inflict it upon the house. I shall be glad most thoroughly to discuss the whole question of rehabilitation and reconstruction, as far as the government is concerned, at the new session of parliament.

Mr. DOUGLAS (Weyburn): Are the regulations respecting the 75 cents an acre supplementary bonus available? I have not seen them, and I do not know anyone else who has seen them. Can we obtain copies of them?

Second, as I understand it, this bonus will be payable to all bona fide wheat producers. Is that without any qualification? For instance, will the $3,000 limitation clause in the Prairie Farm Assistance Act apply to this bonus?

Mr. GARDINER: No; the matter of yield does not apply at all. Neither the yield nor the number of bushels applies—except to this extent, that there is a limitation of 200 acres upon the amount of land upon which an individual can collect. That means that $150

is the limitation. So that anyone with higher quantities would not come in for more than $150. The regulations are available.

Mr. BLACK (Cumberland): May I ask the Minister of Munitions and Supply if we may have an appendix setting out the advance for capital improvement for Canadian and British manufacturing accounts, similar to the appendix submitted on February 25 last? The total at that time was $268,000,000 and is now up to $550,000,000. I suggest that we should have that information in detail before the house adjourns. The minister gave us some assurance that he would endeavour to secure that information and make it available to the house before the adjournment. I am simply asking him now whether he has been able to do that.

Mr. HOWE: I made an inquiry at the time and I found it would take some time to prepare the list. While the information is available, it had not been prepared in the form of a list. I shall, however, endeavour to have the list compiled, printed and distributed to hon. members during the adjournment.

The committee rose without reporting.

On motion of Mr. Mackenzie King the house adjourned at 11.15 p.m. until Wednesday, January 21, 1942.

Wednesday, January 21, 1942

The house met at three o'clock.

PROROGATION OF PARLIAMENT

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Ottawa, January 6, 1942.

Sir:

I have the honour to inform you that the Right Hon. Sir Lyman Poore Duff, G.C.M.G., acting as the deputy of His Excellency the Governor General, will proceed to the Senate chamber on Wednesday, January 21, 1942, at 8.10 p.m., for the purpose of proroguing the present session of parliament.

I have the honour to be, sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the
Governor General.

VACANCIES

Mr. SPEAKER: I have the honour to inform the house that during the recess I received communications from several members, notifying me that the following vacancies had occurred in the representation, viz.:

Of Right Hon. Ernest Lapointe, member for the electoral district of Quebec East, by decease;

Of Arthur B. Damude, Esquire, member for the electoral district of Welland, by decease;

Of Hermas Deslauriers, Esquire, member for the electoral district of St. Mary, by decease;

Of Alan Cockeram, Esquire, member for the electoral district of York South, by resignation.

I accordingly issued my several warrants to the chief electoral officer to make out new writs of election for the said electoral districts, respectively.

CONTROVERTED ELECTIONS ACT

JUDGMENTS RELATING TO ELECTION FOR THE ELECTORAL DISTRICT OF STANSTEAD

Mr. SPEAKER: I have the honour to inform the house that I have received from the Honourable Mr. Justice E. Fabre-Surveyer and the Honourable Mr. Justice Errol M. McDougall, two of the judges of the Superior Court of Quebec selected for the trial of election petitions pursuant to the Dominion Controverted Elections Act, notes of judgment rendered by the said judges relating to the election for the electoral district of Stanstead.

RIGHT HON. ERNEST LAPOINTE

TRIBUTES TO THE MEMORY OF THE LATE MINISTER OF JUSTICE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, since we last assembled here the membership of this House of Commons, of parliament itself, and indeed the public life of Canada, has sustained a loss than which, over many years, none has been so great. It is a loss which comes particularly close to every member of the chamber; but by no one other than by the hon. member for Lotbiniére (Mr. Hugues Lapointe) could it be felt more deeply than by myself. Of the loss to this house, the vacant seat at my side is more eloquent than words could be.

The Right Hon. Ernest Lapointe whose death we so greatly mourn to-day was the senior member of the House of Commons. Mr. Lapointe entered the house as member for Kamouraska in 1904, and had been a member ever since. Upon the death of the Right Hon. Sir Wilfrid Laurier in 1919 Mr. Lapointe succeeded Sir Wilfrid as member for Quebec East. At the time of his death

Mr. Lapointe had been a member of this House of Commons continuously for nearly thirty-eight years. During recent years he had no superior, and few if any equals, in parliament. He enjoyed the respect, the admiration and in no small degree the affection of members of all parties. He was regarded by Canadians everywhere as a great Canadian.

Mr. Winston Churchill is fond of describing himself as a child of the House of Commons. That apt description of himself might, in equal justice, have been applied to Ernest Lapointe. He was a child of the Canadian House of Commons, learned in its principles, its procedure, and fully seized of its meaning to the nation.

When he came here first as member for Kamouraska, Quebec, he set himself the hard and honourable task of mastering the ways of the house, and of perfecting himself in the use of the English language. So well did he succeed in both particulars that no one possessed wider understanding and knowledge of parliament, and its authority, or greater capacity for debate in both official languages, than the late Minister of Justice.

In his public life, Mr. Lapointe maintained throughout the highest standards of personal and political integrity. In politics, as in all else, he was incapable of underhand methods or of any form of meanness. He despised cunning and subterfuge, self-advertisement, and, above all, anything that savoured of arrogance, intolerance and coercion. He loved liberty, and fought valiantly to defend its principles and to broaden its bounds. Every worthy cause had in him a fearless champion. His sympathies were with the people in their struggle for constitutional and economic freedom. He was ever solicitous of the rights of minorities and of the welfare of those in humble circumstances.

Mr. Lapointe was the most unselfish of men, as he was also the most chivalrous and patriotic. His natural talent, his gift of eloquence, and the charm of his personality, would have won for him the highest place in any profession he had chosen to follow. He preferred to forgo entirely the security which the practice of the legal profession might have brought to his family and himself, and to devote practically the whole of his life to the service of his country. For himself, he sought no personal preferment or recognition, but was ever ready with praise and encouragement for others. What perhaps is greater than all else, and what more than all else served to reveal the noble patriotism which inspired his life throughout, is the personal sacrifice at which his great services were given to his country.

With his great abilities and endowments, Lapointe, had he been so minded, might have accumulated, if not a personal fortune, at least sufficient of this world's goods to have enabled him to look forward to years of comparative leisure, freed from the strain of public life and the anxiety it brings with it with respect to health and fortune. To the end of his days he chose, instead, to devote his great talents entirely to his country's services.

Time and time again, although his health was not without some impairment by the years of strain he had already endured, he put out of his mind all thought of respite, retirement, or reward, and chose to continue his membership in this House of Commons, in order that, if spared by Providence, he might continue to take to the end his place in the forefront of battle. Here, to my mind, is evidence of true greatness and of the noblest type of character.

Law, as we all know, was his chosen profession. Such practice of his profession as he enjoyed was with him merely a stepping stone to the wider field of service to the state in the parliament of his country. Had he given to the practice of law the time and energy which he devoted to politics and public affairs, his name would, I believe, have found its place in the list of distinguished jurists who have occupied the highest judicial positions in our country.

Had circumstances been but very little different, he would, I believe, most certainly have achieved the highest position in political life. When the Liberal convention of 1919 was held, Lapointe had been for fifteen years a member of parliament, having sat continuously as a member since 1904. He had had much parliamentary experience, and spoke fluently in both languages, and was recognized as an outstanding leader in parliament. I myself had had but a very few years of parliamentary experience. Though elected in 1908, and in the house until 1911, I was without a seat in the house between 1911 and 1919. I had not a seat in parliament at the time the convention was held. Despite his longer parliamentary experience and his stronger claims, Lapointe resolutely refused to allow his friends to put his name forward at the convention, and, instead, supported my candidature. From that time on, he gallantly accepted the role of lieutenant and associate, which, to the end, he filled with unswerving loyalty and magnificent devotion.

I like to feel that we shared together the succession of Laurier. While to me came the high honour of succeeding Laurier in the

leadership of the party, his was the privilege of succeeding Laurier in the representation of the historic constituency of Quebec East, and with it the privilege of serving as the spokesman of his race to the people of the rest of Canada. Our long and happy cooperation was born of our common loyalty to a great Liberal and a great Canadian, and to the imperishable ideals which he cherished. I doubt if, within Canada's political history, there will be found the record of a more loyal friendship, a more constant friendship, a more unbroken friendship, than that which we enjoyed in the more than twenty years we shared so intimately together the responsibilities of leadership. We worked together side by side with a common aim: the unity of our country, and the maintenance of its proud place as a nation in that community of free nations which comprises the British commonwealth.

In world affairs the late Minister of Justice took a foremost part. On many occasions he represented Canada abroad, and always with ability and distinction. On more than one occasion he represented our country at empire conferences in London, repeatedly at the League of Nations in Geneva, in negotiations with the French government in Paris, in intra-empire affairs with the government of Australia at Sydney, in negotiation of treaties with the United States at Washington, and at international conferences in these and other countries. In his representation, in international affairs, of the Canadian point of view, one cannot but be impressed with how important was the contribution he made in shaping the evolution of the British commonwealth of nations and the troubled course of international relations toward a new world order.

The personal and political friendship between Ernest Lapointe and myself was so close, over so many years, that I cannot express what it means to me not to have him at my side to-day. I prefer to think of what I have gained from the years of our long, intimate association in the public life of Canada to what of loss I shall continue to experience.

In these critical times, more critical than any through which the world has ever passed, if there is one thing more than another for which I shall always be profoundly grateful, it is that as leader of the government I have had at my side, over so many years, the man of high integrity and noble character, the man of moderation and tolerance of view and outlook, the man of wide experience and mature judgment, Ernest Lapointe.

We are still too close to the events themselves, and the confusion of our times is too great, for us to see in its true perspective his outstanding service to his fellow men. More and more will the extent of this service become known as the years go by, when all our own people will be able to appreciate the influences and forces which have kept our country together. I pray that Canada may never forget Lapointe's many eloquent appeals to all parts of the country at the commencement of the present war, or, in the election which followed shortly after in his native province, his courageous crusade for full cooperation by Canada with Britain in resisting aggression. With nothing was he so profoundly concerned as with the preservation of national unity, and the harmonizing of differences of race and creed and class. For this unity he passionately strove through the whole of his political life. The unity of Canada was, to him, the guiding star of our national destiny.

In the last talks I had with him, he repeatedly said to me that what he most regretted about his illness was that it meant he would not be here to continue to take his part in meeting the difficult situation with which the country was faced. That regret will be shared by all Canada, and, indeed, by all parts of the British commonwealth of nations, and by all the nations that to-day are united in a combined effort to preserve freedom.

He has passed from us at the most critical moment in the history of our country, as, indeed, it is in the history of the world. Just as the spirit of Sir Wilfrid Laurier continues to inspire and guide those who cherish his aims and ideals, so I pray that the spirit of Ernest Lapointe, most faithful of all the followers of Sir Wilfrid, will continue to be a guide and an inspiration to all Canadians.

Canada and its people were uppermost in his mind until the very end. To the Reverend Father Gaudrault, who was at his bedside during his last hours, he said:

> Tell my young compatriots to work, to get ready to serve their country, to accept the responsibilities which they will have to bear, and to bear them with honour for the good of their compatriots and of Canada. Tell them that I have faith in them, that it is for them, and for my country, that I give back my life to God.

The sympathy of hon. members of this House of Commons, and indeed, the sympathy of all of Canada, goes out in their sorrow and bereavement to Madame Lapointe, to his daughter, Mrs. Roger Ouimet, and to his son, our fellow member, Lieutenant Hugues Lapointe. It was not among the least of his

services to our country that the late Minister of Justice should, not only have left a name that will be honoured for all time in the country's history, but that, with it, should be associated a family tradition of service to the state.

I should fail in my duty to my late friend if I did not remind hon. members that throughout the entire period of Mr. Lapointe's membership of the House of Commons, Madame Lapointe shared, year in and year out, day in and day out, the obligations, the anxieties, the privations, as well as the joys, and other compensations, which come to those whose lives are dedicated to the service of their country. It is a fine commentary upon the noble purpose which underlay the lives of the late Minister of Justice and Madame Lapointe that the tradition of public service thus exemplified by their parents is being so fittingly carried on by those who suffer the loss of their father to-day, and who are so splendidly upholding, as an example to their own and future generations, the fine traditions of their early home.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, we have all listened with great respect and emotion to the eloquent tribute which my right hon. friend (Mr. Mackenzie King) has paid to the memory of his friend and our colleague. May I be permitted in my own humble way to add a brief word by way of tribute to a man whom I always respected but with whom I was not so intimately associated.

In endeavour and achievement, the brilliant career of the Right Hon. Ernest Lapointe is, in many respects, unique in the political and parliamentary history of Canada.

Born in a country district, in the rural country of Kamouraska in the province of Quebec, some sixty-five years ago, without any inherited advantages beyond those common to many another country boy, by industry and native ability he successively attained the status of leading advocate in the city of Rivière du Loup, King's Counsel at the age of thirty-two, member of parliament for his native county and for Quebec East for thirty-seven years, minister of the crown for fifteen years, holding the high and important Justice portfolio for a longer period than any of his predecessors, and dean of the House of Commons—a record of achievement attained in Canada by but few, if any. And, finally, in 1937 he was sworn of His Majesty's Imperial Privy Council, probably the highest honour at present open to any Canadian subject of His Majesty.

On the death of the Right Hon. Sir Wilfrid Laurier, the mantle of that great Canadian as leader of our French-Canadian compatriots fell, by common consent, upon the shoulders of Mr. Lapointe; and throughout his career he carried that mantle with distinction and with credit both to himself and to his own people.

During the years of his service in the ministry of this dominion he had the privilege of participating in many international, imperial and dominion conferences; and he won for himself international recognition.

Although I did not have the honour of meeting him until after I had entered parliament in 1921, I recall that on the occasion of the Liberal convention in 1919, to which my right hon. friend has alluded, when my right hon. friend was elected to the leadership of the Liberal party, Mr. Lapointe made a speech which in my mind at least marked him as an outstanding figure in the ranks of his party; and his inclusion in any ministry formed under Liberal auspices was accepted by the country as a matter of course.

During my tenure of office in this house, he was unfailingly courteous in debate to me personally and I believe to all of the members of this house. At times his utterances rose to heights of eloquence all too rarely heard nowadays in this chamber.

In our views on political questions we were probably as far apart as it was possible to be. This was quite natural, since we were reared and educated in quite different schools of political thought. But I cherish the belief that while he held firmly to his own views on great political questions and problems, he accorded to the views of others, no matter how strongly and sincerely he disagreed with them, the same respect which he expected should be accorded to his own convictions.

I regarded as one of his most outstanding speeches the one which he delivered in this parliament on March 31, 1939, on the question of Canada's neutrality in war time. At that time I did not have the honour of a seat in this house, but I recall having read that speech with more than ordinary interest, profit and appreciation. On many occasions I quite frankly disagreed with his concept and interpretation of Canada's constitutional position. But I say in all truth and sincerity that because of that speech, I was prepared to and did forgive him much of what I considered to be heterodox. I warmly commend portions of that speech to all thoughtful students of the Canadian constitution and of our relations in the British commonwealth.

His life and his life's work are too near to enable us, his contemporaries, properly to appraise his place in Canadian history. But

one feature stands out prominently throughout his life and career, one that now redounds and will forever stand to his honour and credit—his intense love for his native land.

To my right hon. friend and to those associated with him I extend our sincere sympathy in the great loss which he personally and his party in this house and the country have sustained. One by one the oaks fall. Their passing is a challenge to all of us to hold high the standards which our predecessors have raised in this country.

To Madame Lapointe and to the immediate members of his family I extend also our sincere sympathy. I recall the pride with which he witnessed his son take his seat as a member of this house in 1940 and, at the first session of this parliament, rise in his place to move the address in reply to the speech from the throne. At that time I offered to Mr. Lapointe my personal congratulations in the words of a great imperial statesman on a similar occasion in the imperial parliament: "It was a speech which must have been dear and refreshing to a father's heart." And I recall with pleasure the note of thanks which he subsequently sent to me.

To these, his loved ones, we offer sincerely and respectfully these expressions of solace and sympathy.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, on behalf of the group with which I am associated I join in the expressions of sympathy for the family of the late Right Hon. Ernest Lapointe and of regret that he has been taken from us in the midst of this period of crisis and of tragedy. We may not always have agreed with him, but every member of the house, as has been already said, recognized his sincerity, his integrity, and his love for the Dominion of Canada.

We realize that in his passing Canada has lost one of her most outstanding sons, and we join with other members of the house in an expression of regret at his passing and of appreciation of the good work that he has done for all the people of this dominion. We express, too, our sympathy with the Right Hon. the Prime Minister (Mr. Mackenzie King); for he has suffered, we know, a personal loss which is greater perhaps than we realize.

On behalf of our group, therefore, I join in the expressions of sympathy to his bereaved family and friends. We trust that Madame Lapointe especially may be sustained in the great loss which she has suffered.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, perhaps very few statesmen of the British commonwealth of nations have had, on their passing, such beautiful things said about them as have been said to-day by the various speakers concerning the Right Hon. Mr. Lapointe. It is greatly to his credit that there is in all of these expressions no statement which appears to be an exaggeration.

Members of my group desire to join with those of other groups and parties in the house in sincere sympathy with the Prime Minister (Mr. Mackenzie King) in the loss he has sustained, in heartfelt condolence with the members of the late Mr. Lapointe's family in their bereavement, and in high appreciation of the great life of a very good man.

Hon. P. J. A. CARDIN (Minister of Public Works) (Translation): Mr. Speaker, I wish to add a few words in French to the tributes which have just been registered in the political history of this country by the leaders of our various political parties. The unanimity of sentiment and of sorrow expressed by these political leaders clearly indicates the extent of the respect the late minister enjoyed in this house and of the prestige he exercised throughout Canada. The tributes justly paid to the great memory of the Right Hon. Ernest Lapointe will, I am sure, bring some consolation to the members of his family and some alleviation of their grief.

On this side of the house we have heard the Prime Minister (Mr. Mackenzie King) express praise and regret on behalf of those who are saddened by the loss of a leader whom they loved, respected and supported. On the other side of the chamber political opponents have in all sincerity paid tribute to the memory of the great man who is no more and have, across all political barriers, acknowledged the merit and the worth of the man who had long been the recognized and respected leader of French Canada. From all sides the worth of the great man whom we mourn is admitted. Everywhere all hearts were saddened by the premature death of so important and respected a man as Right Hon. Ernest Lapointe. Today all of us, Liberals, Conservatives and members of the other political groups, are, so to speak, united around the grave of this great man, exchanging fraternal handshakes and consoling one another on the loss of a big brother.

Mr. Lapointe's career and his success in public life show what can be accomplished in a country governed and directed by the spirit of our democratic institutions for which we are now fighting.

Born of humble parents, educated in a college of his native province, Mr. Lapointe climbed all the rungs of the social and political ladder to become one of the most eminent men, not only of Canada, but of the world. It is the

democratic system that has made possible the development of this great mind, that has permitted this man of lowly origin to attain so high a place in the political sphere and do so much good to his fellow-citizens. Today, I repeat, in a deep feeling of brotherliness we console one another. Let us all hope that this brotherly spirit which animates us at present will continue throughout the difficult times which lie ahead, so that we may preserve the great spirit of national unity which is so necessary to Canada and which was so dear to the man whom we now mourn.

Mr. Speaker, I heartily subscribe to the sentiments expressed by those who have spoken before me. With deep emotion I bend in thought over this great tomb and mingle my sorrow with the chill rays of our winter sun, which, at this moment illumines with a sad smile the humble corner of Canadian soil where rest in peace most sure the ashes of a great Canadian.

Mr. L.-PHILIPPE PICARD (Bellechasse) (Translation): Mr. Speaker, I may, at this moment, use the words of the French writer: "The man whose irretrievable absence leaves in the hearts of those dear to him a void which can never be filled again, was one of the dearest friends fate had bestowed on me," and, shall I add, an incomparable teacher whose acts have been my inspiration as well as an example of civic devotion.

I shall not be alone, Mr. Speaker, to miss this great figure who is no more. All the members of this house, irrespective of political convictions, will feel his absence; this fact is amply proved by the speeches we have just heard. This brave, frank and open face, reflecting all that our race, attached to its soil, has given us of goodness and fortitude, tempered and refined by culture, taste and economic independence, will remain graven in our minds and his memory will hover over this house long after we, who have been fortunate enough to know Mr. Lapointe, have disappeared.

I have, Mr. Speaker, neither the gifts nor the ability to relate his life and draw the useful lessons it could teach us, or to paint a portrait of a man with whom you were so well acquainted that it is useless to endeavour to eulogize him, but I should feel that I had not shown all the friendliness, affection and admiration that I feel towards him, if I restrained from doing homage to his memory even in a very inadequate manner.

It has often been said that at each period of a nation's life some men appear who, whether called or made by circumstances, exemplify national thoughts and aspirations and become the interpreters of their fellow-citizens and, often, determine their evolution. Destiny sets these men up and the people recognize them when their time to serve has come. Such has been the case all through the history of the French-Canadian people. There has always been someone, at the opportune moment, to attract the attention of the masses and acquire the desired degree of ascendancy over them. One such man is now mourned by French Canada. This providential man has gone at the height of his career and at a time when his countrymen were in the greatest need of his stabilizing influence, his support, his advice.

Ever since the advent of our constitutional liberty, very few men have played so great a part as Ernest Lapointe in the development of our national destiny. The first among them, and perhaps the only one to assert himself through combativity and almost through violence, was the patriot Papineau. The others, Lafontaine, Cartier, Laurier and Lapointe were brought upon the scene through the course of events and they were selected by their fellow-citizens. They were trained political men. They all passed through a more or less lengthy period of gestation. They prepared themselves while remaining constantly in contact with the people, and when their moment came, they brought to the councils of the nation, besides a cultured mind, a deep knowledge of popular reactions, which is an essential equipment for the leaders of a free nation, of an enlightened body of electors.

For Lapointe, that preparatory period was comparatively long, but as it had begun early, he was still young when, in 1916, he brought himself to the attention of the whole country. Three years later, when he became the member for Laurier's constituency in Quebec, he was only forty-three years old, but he already had fifteen years of experience in dominion politics, and the young small-town lawyer, devoted to the interests of his rural electors had become an experienced parliamentarian, quite familiar with matters of national importance.

Lapointe was selected by his fellow-citizens as being the one who best embodied their opinions, their wishes and their mentality, and he preserved to the end those traits that had brought him to their attention; to the end of his life also he never ceased to understand his electors and to interpret their thoughts in matters of public administration.

The knowledge that he was interpreting the opinion of the great majority of his compatriots imparted to him a perfect equanimity and an absolute confidence, even in spite of the petty attacks to which public men are

exposed. The great concourse of people we saw at his funeral was a most eloquent reply to his bitter though not numerous critics.

Through their deep sorrow, commensurate with the position that Lapointe occupied in our national life, the people recognize the ties that united them to him, and the tragic loss caused by his demise.

As Reverend Father Gaudreault has so aptly said: "When the tragic event became known, it was as if a bolt from the blue had uprooted an oak. And the gap still remains. An oak-tree cannot be replaced in a few days!"

After the eloquent words we have heard, the stirring tributes from the Prime Minister and the Minister of Public Works, there is little more about Lapointe's career to be said that has not yet been stressed or remains unknown.

Everyone will admit that Lapointe, of all the parliamentarians, was the most conversant with the rules and customs of the house, the most able to authoritatively point out a precedent to justify an interpretation of the complex procedure. The political life of our country since 1904, was his own life; he knew all the details and this familiarity with the present, was supplemented by a thorough knowledge of Canadian history from the union until the present days.

In the house, he was a redoubtable adversary, first for his ready intelligence and wit, but above all for his historical erudition, his reliable memory and his assiduousness to the meetings of the house during his entire parliamentary career. However, everyone has noticed that, in spite of his eagerness in the fight, in the course of the debate, he had a method of attack all his own which, although very effective, did not leave room for any rancour, but kept the adversary his friend outside of this house.

As for his accomplishments, it would be too much of a task even to outline them, but I would like the members to make it their personal duty to "honour his memory in following the ideals to which he had dedicated his best endeavours."

The utterances, writings, acts, undertakings of Mr. Lapointe, everything that goes to make up his works, must stand as a beacon to guide those who attempt to speak in the name of the French-Canadian race.

(Text) My only excuse for taking a few more minutes of the time of this house is that, over a period of thirty-five years, in fact since my early childhood, I have known the Right Hon. Ernest Lapointe intimately, and that I have been privileged to serve him in the capacity of private secretary during two periods of five years each, from 1925 to 1930 and from 1935 to 1940. Over that time there grew on my part for him not only admiration but devotion and affection, and I would have considered it amiss of these sentiments not to rise to-day, no matter how sad a task it is for me to speak in the past tense of a man who two months ago was yet in this house and who seemed destined to carry on in the line of duty for many years to come.

Upon Ernest Lapointe's first election in Quebec East, in 1919, Toronto *Saturday Night* stated:

> The province of Quebec has never had a stronger champion—save Sir Wilfrid himself—on the floor of parliament than Mr. Lapointe. He possesses the passionate love of his native race which marks so many of his compatriots. He is, however, essentially a Canadian, and not merely a French-Canadian. For that reason, he has the confidence and esteem of his fellow countrymen as a whole.

This was true, Mr. Speaker, and Mr. Lapointe's nationalism was broader than that of the pseudo-nationalist element of his province, one which saw beyond the borders of Quebec and embraced Canadian citizenship with full equal rights and full equal opportunities for all. It was the nationalism of Laurier blossoming forth in harmony with the evolution of the country from colonial-dominion status to that of equal partner with the mother country.

Ernest Lapointe remained true to his racial group, but, as in the case of Laurier, endeavoured to promote their interests by bringing them to the full benefits of a closer association with the rest of Canada on a footing of complete equality. He went far to reach his aim in that he obtained better understanding within his party, and, I may say, even in this house, between the two races, better cooperation amongst the duly elected representatives of the people. Unfortunately, his life's work, like that of most great men, was not yet completed; it was even in certain parts menaced, when he had to lay down the sword, and much remains to be done to ensure the realization of Laurier's and Lapointe's dreams of a country united by the fraternal spirit of cordial understanding and friendly sharing of our natural inheritance.

I have said before in this house, and I wish to repeat it to-day: There can be no true Canadian sentiment when English-Canadian citizens think in terms of empire and Britain and when French-Canadians consider their province and not Canada as their country. I might also add: There can be no real and effective cooperation as long as the majority keep all the benefits for themselves and give their minority partners the crumbs from the table, the dribbling drops from an overfull

bucket, and also when the minority does not equip itself better to force the others to recognize its competence. This is part of the problem that was ever present in Lapointe's mind in these last few years, that still remains to be solved and that still demands the energies and good will of those who believe that in its solution lies the ultimate greatness of the country.

Ernest Lapointe's own parliamentary career is a splendid example of the value of preparedness achieved over quite a number of years of obscure work and patient assimilation. It can be said that from his arrival here, in 1904, he "made his way silently and single-handed to the front", and that after the long early years of training, "he rose by the upward gravitation of natural fitness." His career is also a model of tolerance and understanding because his outlook on all questions was broad and liberal. A champion of fair play, of liberty and of social justice, he was deeply convinced that the democratic institutions, so dearly conquered over intolerance and absolutism, were our most precious heritage, and although he always granted others the right to their opinion, he could never understand as sane the gesture of a free man who decried democracy and advocated totalitarianism.

A good lawyer, a brilliant platform speaker, an outstanding statesman, Lapointe was above all a great parliamentarian, and it is in the House of Commons that he lived most of the great moments of his public life.

Two paragraphs from Sir William Harcourt's speech in the British House of Commons on the occasion of Mr. Gladstone's death, at this moment come naturally to one's mind:

> What inspires confidence and sympathy in the midst of conflicting opinion is the belief that a man is acting from sincere conviction, that what he is doing is that which he honestly believes to be for the advantage of his country.

On this count I think all members of this house will agree with me that Ernest Lapointe was most deeply imbued with a sense of civic duty and most deeply conscious of his responsibilities, and that for him the first criterion to be applied to all ideas, to all measures, was their advisability or their timeliness for the good of the country at large, and I may state that all his decisions were motivated by his desire to make Canada a great, prosperous and united country.

There is one more quotation from Sir William Harcourt which I should like to read, because it applies so well to Mr. Lapointe:

> He greatly reverenced the House of Commons. He desired to maintain its reputation as the great organ of the will of a free people. . . . His conduct in the House of Commons, whether in government or in opposition, bore all the marks of a lofty spirit. He respected others as he respected himself and he controlled both by his magnanimity. He was strong but he was also gentle; he was to us not only a great statesman, but a great gentleman. . . . The House of Commons was greater by his presence, as it is greater by his memory.

I need not say here how heartily I join with those who have spoken this afternoon in offering to Madame Lapointe; their daughter, Madame Ouimet, and their son, my friend and our colleague, Lieutenant Hugues Lapointe, the assurance of my deep sympathy.

In closing, I wish to make mine these words of a great English Liberal leader, Mr. Asquith, on the demise of another great Liberal, Sir Henry Campbell-Bannerman:

> He has gone to his rest, and to-day in this house, of which he was the senior and most honoured member, we may call a truce in the strife of parties, while we together remember our common loss, and pay our united homage to a gracious and cherished memory.

Mr. H. E. BRUNELLE (Champlain): In 1933 a large group of citizens of my city of Cap de la Madeleine formed a social and political organization which they called the Club Lapointe. I have the honour of being the president of that club, and, aware as I am of the inspiration which the members derived from their patron, I feel that I might be looked upon as negligent in my duty were I not to say a word of tribute to the memory of the late Minister of Justice, and to express my profound sympathy to his wife and family.

At home a special confidence was placed in the late Minister of Justice, and on this occasion I must crave the privilege of expressing in a humble manner the heartfelt sentiments of my friends. After the eloquent addresses which have been made in this chamber this afternoon, and particularly the address of the Prime Minister (Mr. Mackenzie King), who so kindly and feelingly spoke of his late friend and colleague, the only merit my words can have is that of sincerity.

The Right Hon. Ernest Lapointe died on November 26 last; but the period of time which has elapsed since his passing away has not even begun to make us forget him, and that empty seat before us, where the least imagination makes one still see his genial face and strong, imposing body, is a sight that is both painful and depressing. His personality, his broad-mindedness no doubt made a lasting impression upon those who knew him. As one of the members from the province of Quebec, during the six years I have been in this house I have always been glad and proud that he occupied such a high position in the

government of this nation and such a place of honour in the mind of the Prime Minister of Canada. In the political field as in other fields he practically always met with personal success, and while other statesmen have had at one time or another in their lives to face defeat, he was spared that trial to a great extent. But success and glory never made him look or feel otherwise than modest in his nobility and valour. Successive personal victories did not alter his kind and sensitive heart. During his public career there came from the press of this land, from the press of other countries, from his political foes as well as from his political friends, such praises concerning him as might have made others think that the summit was attained. But such infatuation was unknown to Ernest Lapointe; he simply went his way looking up and looking ahead as though guided simply by the word "Excelsior."

It is my belief that the remembrance of his humble beginnings in life caused him always to prefer simple testimonies of confidence to admiration expressed with a flourish. In reality have not all great men such kind dispositions? In support of this belief may I tell this house of an incident which took place in 1935 when the Right Hon. Mr. Lapointe came to my city of Cap de la Madeleine to address a meeting on my behalf during the election that was then taking place. It was his first appearance in my city. He addressed an immense meeting. In fact, whenever and wherever he was to speak, the crowd always had the aspect, in numbers and enthusiasm, not of a local, but I might rather say, of a regional or provincial gathering. Before the meeting, while I was accompanying him to the platform through the dense crowd, an elderly and dignified lady managed to get near us and said to me, "I wish I could say a word to, or even touch the minister"; whereupon I told Mr. Lapointe what she had said and he stopped, shook hands with her and spoke to her, ending with these words, which were said with emotion as I saw his lips quiver: "Madame, vous me faites penser à ma mère. Merci." "Madam, you make me think of my mother. Thank you."

A noble heart, a noble thought! And when the greatest of all the great men of the day, the Right Hon. Winston Churchill, lately having set foot in the United States, saw with his own eyes and felt in his own heart that the whole American continent was thrilled by his presence, when he became aware of the majesty of the reception tendered him he also thought of the one who had given him life, and said, "I wish my mother could have seen this." There was another nobleman, but one who had the same noble thought.

The testimony of confidence by the old lady, to which I have just referred, made a deep impression on the mind of the late Minister of Justice. He did not forget it, although he must have forgotten many other expressions of veneration. He told it to his friends and to some of his colleagues. He told it in my presence. On several occasions afterward, when during sessions I happened to meet him he would ask me in his pleasant way if my people were always of the same faith. Indeed, Mr. Speaker, they were.

May I say in conclusion that the people in my constituency, the people in the province from which I come—yes, the people throughout the whole of Canada, had faith in Ernest Lapointe. On November 26 last, when his death-knell was ringing in the air, making the fatal announcement that that most sympathetic of public figures would no more be seen alive, a cruel chill ran down the backs of thousands and thousands of Canadians who realized that a noble but humble soul had departed. They realized that an honest and ardent apostle of good-will and tolerance had just closed his eyes to the land he served so well, to the people he liked—people who so much needed men such as the late minister and his worthy friend the Prime Minister (Mr. Mackenzie King), two real Canadians, loyal and true to each other who, like Baldwin and Lafontaine, gave us a most admirable example of a united Canada.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) (Translation): Mr. Speaker, I have listened with deep emotion to the speeches delivered by the right hon. Prime Minister (Mr. Mackenzie King), the hon. leader of the opposition (Mr. Hanson) and others of our colleagues in commemoration of the great man recently deceased, the late Minister of Justice. All these eulogies were eloquently uttered, but they would be but idle words if we failed to piously observe his memory.

Mr. Lapointe was first my friend, then my chief, but he remained my friend after becoming my chief. He did me the honour of often thinking as I did. I could not always think as he did, because the opinions he expressed were not always only his own, but also those of his colleagues.

I tender my heartfelt sympathy to my chief, the Prime Minister of Canada, in the heavy loss he has just sustained. It is sufficient to glance at the newspapers of August, 1919, to see how important a role the regretted Mr. Lapointe played at the Liberal convention held in the city of Ottawa to select a successor to our deceased leader, Sir Wilfrid Laurier. Certain candidates put forward by the financiers

received a large measure of publicity in the newspapers, but in the room where the delegates assembled, the memory of Sir Wilfrid Laurier was still lingering on. Mr. Lapointe's great success among the delegates from all the provinces in his appeal on behalf of the present leader of the Liberal party was due to his insistence on having them select as leader of their party a man who had been faithful to Laurier, who had never betrayed him, who had followed him in defeat and who was ready to revive this tradition for the good of the party. In thus appealing to the memory of Laurier, Mr. Lapointe contributed more than anyone else to the election of the man who is to-day and, I hope, will long continue to be the Prime Minister of Canada.

Mr. Speaker, it was touching indeed to hear at St. Lin the Minister of Justice's last message to the people of Canada. It was a eulogy of the man who had been his chief, of the man he so greatly admired, of the man under whose orders he had served for fifteen years—seven years while the great leader was in power and eight years while the great leader was in opposition. It was his last message to the Canadian people. We must never, Sir, forget the memory of the man whose death has left such a void in this House of Commons. The reason why I sometimes followed Mr. Lapointe blindly is that I had confidence in his uprightness, in his integrity, in his abolute honesty.

During the touching ceremonies that took place on the occasion of the funeral, both in Quebec and Rivière-du-Loup, many things have been said; however, at Rivière-du-Loup, the old parish priest of St. Patrick, a venerable old man, gave expression to thoughts which I shall be allowed, I hope, to repeat at this moment. They were uttered while the remains of our lamented Minister of Justice lay in state in the mortuary chapel at the Rivière-du-Loup City Hall. During his Sunday sermon, Reverend Roy, parish priest of St. Patrick, Rivière-du-Loup, while inviting his parishioners to pray on the remains of the dear departed, added the following words: "He was an outstanding Canadian whose memory we should cherish and bequeath to our descendants. Go, my dear brethren, see him, show him to your children. For them, as for us, he will become a model of faith and enlightened patriotism."

Mr. Lapointe did not use dual arguments, one set for Quebec and a different one for the other provinces. What he told our English-speaking fellow-citizens was identical to what he said to his French-speaking compatriots. Everywhere he used the same language and, my leader said so only a few moments ago, during the last general election, he visited the whole country, as far as Vancouver, where he supported one of my friends seated on the government side of the house, and the arguments he used in Vancouver were exactly the same as those he used in Quebec, Montreal or any other Canadian city.

Neither did he care for appeals to prejudice. He was far above all prejudice. While making himself respected, Ernest Lapointe was gaining respect for his compatriots, and that is the reason why his disappearance from the political scene is so keen a loss for Canada.

Mr. Speaker, I frequently had occasion to discuss informally with Mr. Lapointe matters of public interest in which we were mutually concerned and I never feared to open my mind fully to him. I had no secrets from him. I spoke to him as if he had been an elder brother, and I was never rebuked by him. There have been, of course, periods that were very sad for him. He did not always succeed in bringing others to accept his views. But he always succeeded in commanding the respect of all his fellow-citizens, which is the finest tribute that can be paid to him.

Mr. Speaker, once again I tender my deepest sympathy to the Prime Minister of Canada, and to Mr. Lapointe's family, to Madame Lapointe, his distinguished wife, to our excellent and popular colleague the hon member for Lotbinière (Mr. Hugues Lapointe) and to Madame Ouimet.

Mr. SPEAKER: I assume the house will wish me to convey to Madame Lapointe and her family some expression of the tributes paid to-day to the memory of Mr. Lapointe, and I shall be very glad to do so.

THE WAR

PROCLAMATIONS DECLARING THE EXISTENCE OF A STATE OF WAR WITH ROUMANIA, HUNGARY, FINLAND AND JAPAN

On the order for motions:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I wish to lay on the table of the house copies in English and French of proclamation dated Ottawa, December 7,

1941, declaring that a state of war with Roumania, Hungary and Finland exists and has existed in Canada as from December 7, 1941.

Also copies in English and French of a proclamation issued on Monday, December 8, 1941, declaring that a state of war with Japan exists and has existed in Canada as and from December 7, 1941.

TAXATION

AGREEMENTS WITH PROVINCES RESPECTING INCOME AND CORPORATION TAXES

On the order for motions:

Hon. R. B. HANSON (Leader of the Opposition): Before we leave this order of business may I ask the Minister of Finance (Mr. Ilsley) if he will be good enough to lay upon the table of the house copies of the proposed agreements with the various provinces respecting their vacation of the fields of income tax and corporation tax. I understand that these have not been settled finally in form but have been transmitted to the various provinces for ratification by way of legislation. It seems to me desirable, however, that we should have these, if not now, in the immediate future. I assume they will become public through the press as soon as they have been transmitted to the provinces, which will in turn transmit them to the legislatures. If the minister can give these to the house now, I shall appreciate it.

Hon. J. L. ILSLEY (Minister of Finance): I should like to give a little consideration to that request.

Mr. HANSON (York-Sunbury): That is fair.

Mr. ILSLEY: There may be alterations, I think minor only, in the agreements before they are signed. I am not just sure how far the government should go in submitting draft documents to the house before signature. However, they have been given to the press and I shall give consideration to—

Mr. HANSON (York-Sunbury): If they have been given to the press, as a matter of right I claim that they should be laid on the table now. It is unheard of that they should be given to the press before being given to the House of Commons.

PRIVILEGE—MR. COLDWELL

CENSORSHIP OF MAIL ADDRESSED TO MEMBERS OF PARLIAMENT

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I wish to raise a matter of privilege concerning the members of the House of Commons as members of the House of Commons. I have in my hand an envelope and a letter, the envelope having been posted within Canada and sent to a member of parliament as a member of parliament, addressed to the post office of the House of Commons. This letter has been opened and examined by the censor; C-451 is the number upon it. From time immemorial it has been the right of constituents of members of parliament to approach their members without obstruction or interference of any kind.

I draw this to the attention of you, Mr. Speaker, as the guardian of the rights and privileges of this house, in order that this matter may be investigated and this interference with the right of a constituent to approach his member stopped. I may say that during my recent visit to Britain I had letters from persons who were relatives of mine living in the prohibited defence areas in Britain, and none of those letters was censored although they had all been posted to me as a private citizen. I cannot for the life of me see why a letter of any description mailed in the Dominion of Canada to another point within Canada should be subjected to censorship. But I do say that it is an interference with the privileges and rights of members of this parliament to have mail opened addressed to members of parliament as members of parliament on what may be matters pertaining to their activities as members of this house, and so Mr. Speaker, I draw this matter to your attention.

Mr. HANSON (York-Sunbury): May I ask the hon. gentleman a question? Does this letter purport to have been mailed from a defence area in Canada, if that is the proper technical term? I think we ought to know the exact facts before the house is asked to pass judgment.

Mr. COLDWELL: I have not asked the house to pass judgment, or I would have moved a motion. This letter was mailed from Glace Bay, Nova Scotia, on January 19 of this year.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

BARACHOIS RIVER, QUE., WHARF

Mr. ROY:

1. Did the government construct a wharf or breakwater at the mouth of the Barachois river, Gaspe county, during the fiscal year 1939?

2. If so, was this work done by contract and (a) for what amount and by whom; (b) what quantity of timber was used; (c) from whom was it purchased and at what price on each contract?

Mr. CARDIN:

1. A breastwork was constructed at Bridgeville, Que., on the Barachois River, during the fiscal year 1938-39.

2. (a) Work was done by day labour at a cost of $4,266.30. (b) and (c) Timber purchased for this work from Alfred G. Maloney as follows:—

5,400 lineal feet of 6-inch round poles at 5 cents per lineal foot.	$ 270 00
19,420 feet B.M.—3-inch deals at $26	504 92
50,784 feet B.M.—8- by 8-inch spruce timber at $29	1,472 73

POSTAL CENSORSHIP

Mr. BRUCE:

1. Are letters from citizens of Canada to England censored in Canada before being despatched?

2. If not, are they censored by Canadians in England upon arrival there?

3. Are letters from one part of Canada to another subject to censorship?

4. If so, is this censorship done solely for the purpose of removing information which might be useful to the enemy?

5. If any criticism of a department of government has been found, has such criticism been extracted from letters and sent with the name of the writer to the department involved?

Mr. MULOCK:

1. Examination is made of some letters in connection with the enforcement of the foreign exchange control board regulations. The percentage of mail so examined is less than 2 per cent.

2. No.

3. Yes, under certain circumstances in the interests of security.

4. In the course of any examination of mails, attention is paid to the enforcement of wartime laws and regulations from the point of view of security, trade, economic warfare, illegal intermediaries, enemy propaganda, subversive activities, etc.

5. Such extracts are referred in confidence to the head of the department concerned, when it is considered in the public interest to do so.

THIRD VICTORY LOAN

Mr. FAIR:

1. How many, (a) individuals, (b) corporations, subscribed to the third Victory loan?

2. What amount was subscribed by (a) individuals, (b) insurance companies, (c) banks, (d) other companies?

3. What amount was borrowed by individuals from banks for the purchase of Victory bonds?

4. What is the value of the bonds purchased by individuals on the instalment plan, now surrendered?

Mr. ILSLEY:

1. Data available to the Department of Finance do not enable a complete segregation to be made of subscriptions by individuals and corporations respectively. However, 9,229 subscriptions totalling $527,500,200 were received from subscribers (individuals, corporations and other bodies) on the special names list, and 959,030 subscriptions totalling $309,320,050 were received from subscribers (individuals, corporations and other bodies) in the general canvass.

2. (a) See answer to No. 1.

(b) $117,704,850 of which $22,174,500 represented conversion subscriptions of national service loan bonds due November 15, 1941.

(c) $49,450,000 of which $42,450,000 represented conversion subscriptions of national service loan bonds due November 15, 1941.

(d) See answer to No. 1.

3. Victory loan bonds purchased under the instalment plan described in the official prospectus, by individuals, corporations and other bodies, totalled $37,439,900. In addition, it is understood that loans made by the chartered banks of Canada to finance the purchase of Victory loan bonds by individuals, corporations and other bodies, totalled $135,978,539 on June 30, 1941.

4. None. No provision was made for the redemption by the government of 1941 Victory loan bonds prior to the call date. No information is available as to the amount of bonds which may have been sold by subscribers after their original purchase of the bonds.

NOTE.—It is assumed that while the question relates to what is called the "third Victory Loan", what is meant is the third public war loan which is officially described as "The Victory Loan, 1941".

ST. CATHARINES STEEL PRODUCTS LIMITED

Mr. CHURCH:

1. What amount of money, if any, has been loaned by the government to the St. Catharines Steel Products Limited?

2. Has the British government any money invested in this company?

3. How much private capital has been subscribed?

4. Who are the directors of this company?

5. Are they manufacturing any specific war weapon that cannot be produced in some of the already existing steel plants in Canada?

Mr. HOWE:

1. No loan has been made by the government to St. Catharines Steel Products Limited, Capital assistance to the amount of $844,300 has been granted for alterations to buildings, and for machinery and equipment, title to which will vest in His Majesty the King in right of Canada.

2. The British government has also provided capital assistance.

3. All working capital is being provided by the St. Catharines Steel Products Limited.

4. A. F. Field, A. W. Taylor, W. A. Wecker, E. J. H. Vanston, J. J. Bench, Edward Kennard.

5. The St. Catharines Steel Products Limited has contracts for three types of armour piercing shot, a highly technical store, for which there is no other available capacity.

H. R. MACMILLAN

Mr. CASTLEDEN:

1. Did Mr. H. R. MacMillan, chairman of the war-time merchant shipping board, previously hold any positions under the federal government?

2. If so, what positions and during what periods?

Mr. HOWE:

1. Yes.

2. Department of Interior: part time, 1904, 1905 and 1906.

Forest branch: 1908 to 1912. Last appointment, Associate Director of Forestry.

Department of Trade and Commerce: Timber Trade Commissioner, April, 1915 to August, 1916.

Department of Munitions and Supply: Timber Controller, June 24, 1940, to November 17, 1940.

Chairman, War-time Requirements Board: November 17, 1940, to April 4, 1941.

President, War-time Merchant Shipping: April 4, 1941, to date.

WATER DIVERSION, ONTARIO

Mr. CASTLEDEN:

What engineering projects have been undertaken in Ontario in connection with the divergence of waters into the great lakes during 1939, 1940 and 1941?

Mr. CARDIN: No engineering projects have been undertaken by the dominion government in connection with the divergence of waters into the great lakes during 1939, 1940 and 1941.

The thirty-third annual report of the Hydro Electric Power Commission of Ontario, for the year ended October 31, 1940, states that towards the end of that year work was started on the Ogoki (Ontario) diversion which, when completed, would permit a diversion of 4,000 cubic feet of water per second from the Ogoki-Albany river watershed into lake Nipigon and the great lakes-St. Lawrence watershed at lake Superior.

SOLDIER SETTLEMENT BOARD

Mr. CASTLEDEN:

1. What was the cost to the federal government of the maintenance of the branches of the soldier settlement board in each province for each fiscal year from 1930-31 to date?

2. How many persons were employed in each of these branches during each of the above years?

Mr. CRERAR: Statements herewith.

1.

Fiscal Year	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Maritimes	Head Office	Total
1930-31..	141,004 12	260,776 94	248,498 65	133,388 20	106,273 27	15,977 42	74,231 29	320,177 66	1,300,327 55
1931-32..	103,157 07	213,058 88	183,162 96	93,382 51	80,216 46	14,121 20	69,383 22	278,992 21	1,035,474 51
1932-33..	85,213 48	180,436 49	142,944 15	71,455 83	72,726 90	13,756 97	62,309 84	189,481 61	818,325 27
1933-34..	81,755 99	172,389 35	132,237 72	71,357 34	67,413 75	13,485 24	59,184 76	142,868 65	740,692 80
1934-35..	83,581 65	172,866 95	135,879 16	74,714 01	70,541 71	13,605 32	64,815 51	125,500 58	741,504 89
1935-36..	87,680 07	169,629 06	127,650 57	75,289 35	80,021 46	13,527 09	65,857 71	137,852 64	757,507 95
1936-37..	85,011 22	164,030 38	124,325 98	68,967 57	79,366 03	14,373 19	61,885 71	132,338 36	730,298 44
1937-38..	82,401 71	165,601 87	118,442 14	74,648 85	82,739 34	14,776 82	59,404 01	111,263 64	709,278 38
1938-39..	77,995 58	159,565 41	128,198 51	70,518 45	91,679 90	15,083 16	62,678 77	128,328 19	734,047 97
1939-40..	70,438 61	150,949 86	134,371 98	65,262 39	88,065 76	14,549 38	57,008 41	118,843 31	699,489 70
1940-41..	64,326 00	145,923 68	130,540 26	60,523 87	80,431 94	13,784 95	50,991 82	102,393 53	648,916 05

NOTE:—The above figures include the cost of a wide variety of services for the Departments of Finance; Pensions and National Health; National Defence; Labour; Secretary of State; Lands, Parks and Forest Branch, Immigration and Indian Affairs Branches of the Department of Mines and Resources; also War Veterans' Allowance Board; Dependents' Allowance Board; Canadian Farm Loan Board and Canadian Pension Commission.

2.

Fiscal Year	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Maritimes	Head Office	Total
1930-31....	56	108	97	50	37	6	32	117	503
1931-32....	40	85	64	35	29	6	29	83	371
1932-33....	38	86	63	34	28	6	29	66	350
1933-34....	38	84	60	35	29	6	29	62	343
1934-35....	38	79	59	35	29	6	32	58	336
1935-36....	38	79	57	34	32	6	30	59	335
1936-37....	38	75	55	33	32	6	28	58	325
1937-38....	35	72	54	32	36	6	27	49	311
1938-39....	35	68	56	31	31	6	27	48	302
1939-40....	28	59	53	27	28	5	23	47	270
1940-41....	26	60	51	26	29	5	21	39	257

PURCHASE OF PLYWOOD IN BRITISH COLUMBIA

Mr. REID:

With respect to the 1,220,720 square feet of plywoods purchased for military purposes in the province of British Columbia, what quantity was supplied by each of the three firms and what amount of money was paid each company?

Mr. HOWE:

The Canadian Western Lumber Company, Fraser Mills, B.C., 154,600 square feet, $5,883.53.

B.C. Plywoods Limited, Vancouver, B.C., 1,076,120 square feet, $32,120.39.

The department has purchased plywood from the above two companies only.

The Pacific Veneer Co., Limited, New Westminster, B.C., may have supplied birch plywood to private contractors for the construction of aeroplane propellers.

The award of plywood requirements by the department was made by the timber controller on the basis of relative production capacity of the two manufacturers.

BUREAU OF PUBLIC INFORMATION

Mr. BLACK (Cumberland):

1. What appointments, other than clerical and stenographic, have been made to the bureau of information staff since parliament adjourned in June last?

2. What are, (a) the duties, (b) the salaries, (c) other allowances and expenses, of each such new appointment?

3. In its material intended for Canadian daily and weekly newspapers does the bureau limit itself to the issuance of purely factual news, or do some of its releases endeavour to interpret government policy?

4. In the cases of releases interpreting government policy, through what process of government approval do they pass before the bureau of information issues them?

5. Does the bureau operate abroad, or are its releases wholly for domestic distribution?

Mr. THORSON:

1. (i) R. A. Farquharson.
(ii) Mrs. M. Luxton.
(iii) A. S. Grigsby.
(iv) Donatien Fremont.
(v) Miss M. Ferguson.

2. (a)
(i) Editor-in-chief, News and Feature branch.
(ii) Editor, Technical Source Material, consumer branch.
(iii) Assistant to Art and Printing Supervisor.
(iv) French Pamphlet Editor and Writer.
(v) Editor, Consumer Bulletin and Women's Feature Editor.

(b)
(i) $5,200 per annum.
(ii) $1,560 per annum.
(iii) $2,820 per annum.
(iv) $3,120 per annum.
(v) $2,100 per annum.

(c) No allowances; legitimate travelling expenses, when necessary.

3. Purely factual news.

4. See answer to No. 3.

5. The bureau operates abroad, as well as in Canada.

MEADOW LAKE, SASK., POST OFFICE BUILDING

Mrs. NIELSEN:

1. Were tenders invited for the building of the post office in Meadow Lake, Saskatchewan?

2. If so, to whom was the contract awarded and what was the amount of the successful tender?

3. Did the original contractor invite tenders for subcontracts?

4. If so, to whom were such subcontracts awarded, for what work, and, respectively, for what amounts?

5. What was the cost of the Meadow Lake post office building when completed?

Mr. CARDIN:

1. Yes.
2. (a) W. C. Wells, Wilkie, Sask.
   (b) $23,250.
3. No information.
4. List of subcontractors as submitted by general contractor:

Plumbing, heating, roofing, sheet metal and waterproofing, S. J. Kirkland, Wilkie, Sask., $5,813.00.

Brick and stone work, Alec Hegblom, Saskatoon, Sask., $2,891.75.

Steel, iron and bronze work, Manitoba Bridge & Iron Works, Winnipeg, Man., $1,874.00.

Electrical work, J. J. Beuhler, Meadow Lake, Sask., $718.67.

Painting, Riddell & Co., North Battleford, Sask., $628.00.

5. Total cost of building including equipment, $26,989.45.

USE OF HUDSON BAY BUILDING, CALGARY, FOR MILITARY PURPOSES

Mr. JOHNSTON (Bow River):

1. What defence force is at present occupying the top floor of the Hudson Bay Building in Calgary, Alberta?
2. What monthly and/or yearly rental is being paid for same?
3. Was any renovation done before this space was occupied?
4. If so, what was the cost of same and was it charged to the government?
5. Was air conditioning included in such renovation? If so, at what cost to the government?
6. Has the government knowledge of any other part of this building being air conditioned at the same time and by the same contractor?
7. What was the cost of furnishing this space?
8. Did the government contract for any refund, in connection with air conditioning, upon vacating such premises?

Mr. POWER:

1. No. 4 training command headquarters, R.C.A.F.
2. $15,000.00 per annum.
3. Yes.
4. $50,000.00—Yes.
5. No.
6. No.
7. Furnishings used at the previous headquarters at Regina, Saskatchewan, were transferred to Calgary with the command.
8. No.

COQUALEETZA INDIAN HOSPITAL, SARDIS, B.C.

Mr. McGREGOR:

1. Were tenders invited for the supply of coal to the Coqualeetza Indian hospital at Sardis, British Columbia?
2. If so, what persons or firms were invited to tender?
3. What was the price tendered by each?
4. Who was awarded the contract?
5. Was this person a licensed coal dealer?
6. If so, what was the number of the licence?

Mr. CRERAR:

1. Yes.

2 and 3. Chilliwack Lumber Yards, Chilliwack, B.C., $8.50 per ton; H. G. Ford Cartage Co., Chilliwack, B.C., $9.00 per ton; Goslings Truck Line, Abbotsford, B.C., $8.55 per ton; T. Mathers, Abbotsford, B.C., No tender.

4. Chilliwack Lumber Yards.

5 and 6. As far as is known, Chilliwack Lumber Yards is not a licensed coal dealer but company advises that all their coal business is handled by a subsidiary—Robertson Brothers, Chilliwack, Limited—who hold dominion and provincial licences. The license issued by the war-time prices and trade board is numbered 2996.

Mr. McGREGOR:

1. What was the cost of establishing the Indian hospital at Sardis, British Columbia?
2. What staff is employed at present?
3. Who is the secretary or secretary-manager?
4. Was the appointment of such person made by the civil service commission?
5. If so, was competition invited?
6. What is the salary of the secretary or secretary-manager?

Mr. CRERAR:

1. Cost of alterations to building	$69,161.84
Cost of equipment and supplies	54,888.10
	$124,049.94

2. 1 Medical superintendent; 1 Medical officer; 1 Matron; 13 Graduate nurses; 7 Hospital attendants; 1 Sr. laboratory assistant; 1 Engineer; 1 Clerk, grade 3; 1 Dietitian; 1 Cook; 15 Housemaids.

3. There is no such position in the establishment but the duties of such a position will be performed by the medical superintendent and clerk.

4. The appointments of medical superintendent and clerk were made by the civil service commission.

5. Yes.

6. Medical superintendent—$3,120 plus $660 in lieu of house, fuel and light.
   Clerk, grade 3—$1,380.

Mr. HANSON (York-Sunbury): Mr. Speaker, before we proceed to the next order may I call the attention of the Prime Minister to questions 16 and 17, which have been

standing on the order paper since November 13. Question 17, surely, would take only a few minutes to answer, and I submit that nine weeks is too long to take to answer a question of that kind. We ought to have an answer to both these questions immediately.

Mr. MACKENZIE KING: May I say to my hon. friend that, unfortunately, I came into the house without the replies as they have been prepared by the department, but I shall endeavour to answer the questions orally now.

*REPRESENTATION OF VICHY GOVERNMENT IN CANADA

Mr. Church:

1. Has the Vichy government of France an ambassador or envoy in Canada?
2. If so, where is he located, who are the members of his staff; is there any inspection of the same, or regulation of the embassy?
3. Is it intended to close this legation?
4. Has the government received any request from his majesty's government of Great Britain to keep it open? If so, from whom?
5. Does this Vichy office in Ottawa conduct any dominion or empire business with Vichy?
6. If so, what is the amount of such business and of what nature is it?

Mr. MACKENZIE KING:

1. There is a representative of the government of France in Canada.

2. The legation is located on Sussex street, and the same precautions are taken with respect to the French legation as are taken with respect to other legations in the city.

Mr. HANSON (York-Sunbury): That does not answer the question.

Mr. MACKENZIE KING: It does not answer, "who are the members of his staff".

Mr. HANSON (York-Sunbury): Is there any inspection or regulation of the embassy?

Mr. MACKENZIE KING: Just the same, I would say to my hon. friend, as is the case with all the other legations. As long as there are legations here they are all treated alike. Answering now questions 3 and 4:

3. It is not the intention of the government at the present time to ask that the legation be closed.

4. My hon. friend (Mr. Hanson, York-Sunbury) is I think aware that when the right hon. the Prime Minister of Great Britain was here, speaking to members of the press, he made the intimation publicly that he would like to have our relations maintained with the Vichy government. Mr. Churchill has authorized me to make it quite clear that such a desire does exist on his part. This government is most anxious to cooperate with the British government in all particulars, and we feel that in this matter we are cooperating in a way that will be helpful generally.

Answering now question 5:

5. The legation, I assume, conducts the regular business that comes before it in the regular way.

I cannot answer the last question, "What is the amount of such business and of what nature is it?"

*REPRESENTATION OF CANADIAN GOVERNMENT IN EIRE

Mr. CHURCH:

1. Does the government maintain an envoy or minister in Eire?
2. If so, who is he, who are the members of his staff and what are their respective salaries and other allowances?
3. What is the annual cost to Canada?
4. Do Australia and New Zealand maintain similar offices in Eire, and where are they located?
5. Has Canada trade commissioners in Dublin?
6. If so, are these envoys not duplications of services rendered by trade agents?

Mr. MACKENZIE KING:

1. The government has a representative, a high commissioner in Eire.

2. Mr. John Kearney, K.C., of Montreal, for some time past has been high commissioner in Eire. I have not the names of other members of the office and staff. Mr. E. J. Garland, a former member of this house, is next to the high commissioner, and Miss O'Malley, a private secretary, is also a member of the staff.

3. I shall have to give this answer at another time, also the answer to question 4.

Mr. HANSON (York-Sunbury): The Prime Minister cannot answer from memory, does he mean?

Mr. MACKENZIE KING: Yes. Answering questions 5 and 6:

5. Canada has trade commissioners in Dublin.

6. No.

Mr. HANSON (York-Sunbury): I do suggest that this is a very slipshod way of answering formal questions on the order paper. Will the Prime Minister say that formal answers will be brought down in view of his intimation that they had been prepared?

Mr. MACKENZIE KING: My hon. friend said that he wished to have the questions answered immediately.

Mr. HANSON (York-Sunbury): I think they ought to be, having regard to the length of time they have been on the order paper.

Mr. MACKENZIE KING: I was simply trying to oblige my hon. friend, and in the circumstances I think he might have accepted the explanation which I gave.

Mr. HANSON (York-Sunbury): I did not know what the explanation was until the Prime Minister spoke.

Mr. SPEAKER: Questions 16 and 17 answered.

Some hon. MEMBERS: No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MUNITIONS AND SUPPLY—LEGAL SERVICES, RED DEER CONSTITUENCY

Mr. SHAW:

1. Have members of the legal profession resident in the Red Deer federal constituency been engaged by the Department of Munitions and Supply or any other department of the federal government in connection with property purchased in said constituency since September, 1939?
2. If so, what are their names and addresses?
3. What amount or amounts have been paid for legal services in each case?
4. Upon what dates were payments made for services thus rendered?

Mr. McLARTY: Return tabled.

ADJUTOR SAVARD

Mr. BLACK (Cumberland):

1. Is Adjutor Savard in the employment of the Department of National Defence for Air Services, or any other department of government?
2. If so, in what capacity?
3. Was the position, to which he was appointed, newly created?
4. How was it created and in what department?
5. Where is he stationed?
6. What are his duties?
7. What is his salary?
8. What are other allowances and expenses, stating the rates and total amounts paid under different headings?
9. What was the total amount paid to him in connection with the Rowell-Sirois commission?
10. Was he formerly on the staff of the National Liberal Federation?

Mr. McLARTY: Return tabled.

RADIO BROADCASTING—DOCUMENT USED BY ERNEST BERTRAND

Mr. HANSELL:

1. Who authorized one, Ernest Bertrand, to gain access to a document, purported to be instructions from an axis power to its agent in Canada?

[Mr. Mackenzie King.]

2. Who authorized this gentleman to read this document over the national network of the Canadian Broadcasting Corporation on or about August 20, 1941?
3. Was this document read as evidence, and behind closed doors, to the special parliamentary committee on the defence of Canada regulations?
4. Will other members of the defence of Canada regulations committee and members of parliament be given the same privilege of securing the same or similar documents and evidence for the purpose of enlightening the public as to the dangers of subversive forces?
5. Under whose auspices was the broadcast given, how many stations were used in the hook-up and what was the total price charged?

Mr. McLARTY: Return tabled.

TOTAL ENLISTMENTS BY PROVINCES

Mr. CHURCH:

1. What are the total enlistments in Canada, by provinces, since the war began, to the end of October last, in the (a) army, (b) navy, (c) air force?
2. How many in each class are now serving overseas, and how many are engaged in home defence or in training in Canada?
3. Will the records, in future, record enlistments by municipalities, in the same manner as the victory loans are recorded?
4. Will consideration be given to a monthly statement of enlistments in future?

Mr. McLARTY: Return tabled.

MOTIONS FOR PAPERS

CORRESPONDENCE WITH BRIGADIER GENERAL CLARK

Mr. REID:

For a copy of all letters, telegrams and other correspondence exchanged between Brig.-Gen. J. A. Clark and the government or any official or department thereof, since September, 1939, to the end of September, 1941, with reference to military matters or appointments.

Mr. RALSTON: The hon. member really put this same matter in the form of a question before the house adjourned, and at that time I said that upon consideration my view was that to disclose information with regard to offers of military appointments would be establishing a precedent which would not be in the public interest. On that same ground I would ask my hon. friend to drop his motion.

Mr. REID: Mr. Speaker, I quite realize the viewpoint of the minister, but would he at least tell us if Brigadier General Clark was offered a position of any kind. Surely that question can be answered, and if the minister is prepared to give us that information, the motion might be dropped.

Mr. RALSTON: I can say to my hon. friend that Brigadier General Clark was offered an appointment.

Motion dropped.

HOG AND BACON STATISTICS

Mr. BOUCHER:

For a copy of a document containing hog and bacon statistics compiled by the dominion Department of Agriculture and submitted to the bacon board on or about September 1, 1941.

YORKTON SERVICE FLYING TRAINING SCHOOL

Mr. CASTLEDEN:

For a copy of all contracts and agreements between the government and the Waterman-Waterbury Company, in connection with construction in the relief No. 1 landing field of the Yorkton service flying training school, situated at Surdee, Saskatchewan.

THE MINISTRY

CHANGES IN THE PORTFOLIOS OF JUSTICE, SECRETARY OF STATE AND LABOUR

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I wish to inform the house of certain changes which have been made in the ministry since the adjournment on November 14 last. These changes have been occasioned, one, by the death of the Right Hon. Ernest Lapointe, the Minister of Justice, and the other, by the appointment to the Superior court of the province of Quebec of the Hon. P. F. Casgrain, the Secretary of State.

On December 10, Mr. Louis St. Laurent, K.C., of Quebec city, was sworn in as Minister of Justice. As hon. members are aware, Mr. St. Laurent is a former president of the Canadian Bar Association and a foremost member of his profession. He resides in Quebec city. Mr. St. Laurent has not a seat in the house at the present time, but is seeking election to the house in the by-election pending in Quebec East.

On December 15, Mr. Casgrain was appointed a judge of the Superior court of the province of Quebec. On that day the Hon. Norman McLarty, who at the time was Minister of Labour, was appointed Secretary of State to fill the vacancy created by the appointment of Mr. Casgrain; and on the same day Mr. Humphrey Mitchell was sworn in as Minister of Labour. As hon. members, I think, are well aware, Mr. Humphrey Mitchell for some years was a member of this house. Between 1931 and 1935 he represented Hamilton. More recently, and prior to his appointment, he was chairman of the national war labour board and secretary of the national labour supply council. Mr. Mitchell is a member of the Trades and Labour Congress of Canada, and has held important executive offices in that body. At the present time he is seeking election to the House of Commons in the constituency of Welland.

RIGHT HON. WINSTON CHURCHILL

ADDRESS TO MEMBERS OF THE SENATE AND THE HOUSE OF COMMONS TO BE INCLUDED IN OFFICIAL REPORT OF DEBATES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I imagine that all hon. members have much in mind the recent visit to Canada of the Right Hon. Winston Churchill, Prime Minister of Great Britain, and the address which was delivered by Mr. Churchill in this chamber before hon. members of the Senate and of the House of Commons. I was very sorry that when Mr. Churchill found it possible to make his decision as to visiting Canada and to address the members of the two houses, it was not possible to give more than a very short notice of the visit and of the intention of the Prime Minister to deliver an address. I am sure hon. members will fully appreciate what the reasons were which prevented a longer notice being given than was given to them. I assume that those who were unable to be present heard the Prime Minister's address over the radio. I am sure that it will be the wish of all hon. members that the address should be recorded in the proceedings of this house. I have spoken about this matter to my hon. friend the leader of the opposition (Mr. Hanson), and he has kindly agreed to second the following motion:

That the address which the Right Hon. Winston S. Churchill, Prime Minister of Great Britain, delivered before the members of the Senate and of the House of Commons of Canada in the Chamber of the House of Commons on December 30, 1941, be included in the House of Commons Debates and form part of the permanent records of this Parliament.

Hon. R. B. HANSON (Leader of the Opposition): Mr. Speaker, I have very much pleasure in seconding the motion. I think it most appropriate that this motion should be carried and that this speech should form part of the records of the House of Commons. It was a great privilege to hear Mr. Churchill's speech in this chamber, and I know that most of us who were present were thrilled with the sentiments which he expressed and the opinions which he had formed and which he gave to us. If there is no precedent for what we are about to do, we now establish the precedent.

Mr. MACKENZIE KING: It just occurs to me that Your Honour took a small part in the proceedings, and that I also had the privilege, on behalf of hon. members, of addressing a few words to Mr. Churchill by way of welcome. I did not include in the motion reference to either Your Honour's role or my own remarks. It might be understood that both might find a place on the record.

Mr. HANSON (York-Sunbury): Oh, you can never leave the Prime Minister out!

Motion agreed to.

(For Mr. Churchill's address, with introduction by Mr. Mackenzie King, see page 4478)

THE WAR

CANADIAN REGIMENTS AT HONG KONG—STATEMENT OF MINISTER OF NATIONAL DEFENCE

On the orders of the day:

Hon. J. L. RALSTON (Minister of National Defence): Mr. Speaker, since the house adjourned the name of Hong Kong has been added to the battle honours of two fine Canadian regiments, and these regiments, by the heroism of the brave men who comprised them, have added to our history an unforgettable page of gallantry and devotion.

I feel that this house should not and would not wish to prorogue without recording a tribute to these regiments and these men and without receiving a statement regarding the expedition.

I share deeply the anxiety which is felt not only in the homes directly affected, but in all Canada, in these days of waiting for news. I want to assure the house that no effort which we could or can make to get information has been or will be spared. We have sought to take advantage of every possible avenue of communication and will continue to do so.

We have recently received word that the Japanese have established a prisoners of war bureau and that they are ready to exchange information through the International Red Cross. Immediately on receipt of this word, it was suggested to the Red Cross people in London that their representative in Tokyo be requested to communicate direct with the International Red Cross representative in Canada. It is earnestly hoped that this suggestion will be accepted. If it is, it may hasten considerably the receipt of this information.

I shall now deal, first, with the manner in which a Canadian expeditionary force to Hong Kong was decided upon; second, the selection of the two regiments which were sent; third, the preparation of this force; fourth, its equipment and transportation; and fifth, its heroic operations at Hong Kong as far as we have received reports.

1. Decision to send Canadian force. On September 19, 1941, the government received a message from the government of the United Kingdom, asking us to furnish, as they said, one or two battalions to strengthen the garrison of Hong Kong.

Before arriving at a decision to agree to this request, the various strategical factors involved were fully considered. The British government, as a precautionary measure, had determined to strengthen its forces at Hong Kong and Singapore. Australia provided a portion of the additional troops required at Singapore, and Canada was being asked to supply a part of those required for Hong Kong. The British government indicated at the time that reinforcement by one or two battalions from Canada would mean an increase in the strength of the garrison much greater in proportion than the number of men that would be involved.

It was felt that such reinforcements would have a good moral effect in the whole of the far east, would give fresh evidence of commonwealth solidarity, and would reassure the Chinese as to the British intention to hold the island. In addition, the Canadian troops would materially increase the defensive strength of the garrison.

It was considered to be incumbent upon Canada, if at all possible, to accept this share of the responsibility for strengthening the garrisons in the Pacific area. After due consideration of all the factors, and on the recommendation of our military authorities who had studied the subject, the government authorized for dispatch to Hong Kong a Canadian force composed substantially of two infantry battalions.

This decision was reached on 29th September and was telegraphed to London on the same date. On 1st October we received a reply from London expressing appreciation and stating that a further message, dealing with military arrangements, would follow. This further message was received here on 9th October. On the 11th October the war office inquired as to whether, in addition to the two battalions, a modified brigade headquarters could be supplied. These proposals were agreed to.

2. Composition of the Canadian force. The force as finally determined thus consisted of a headquarters, containing various signal and administrative personnel, and two infantry battalions. Brigadier J. K. Lawson, an experienced officer who had been Director of Military Training at National Defence headquarters, and who had seen extensive service in the last war, was selected to command the force. Colonel Patrick Hennessy, D.S.O., M.C., another experienced officer who had been Director of Organization at National Defence headquarters and who also had served throughout the last war, was appointed as Senior Administrative Officer.

The selection of the two battalions to compose the force was a matter carefully studied

by the Department of National Defence. In Canada we had available for selection, having in mind the necessary training and experience, the 4th division, the units comprising the brigade groups of the 6th division, which was then mobilizing, and a number of unattached battalions. The 4th division had already been assigned to an operational duty in defence of our eastern coast and it seemed therefore that the selection should come from the other forces I have mentioned.

Included in these available forces were three infantry battalions which had seen garrison duty service in Newfoundland and in the West Indies, where they had trained in defensive measures against invasion, a type of operation which might be anticipated at Hong Kong. These three battalions, because of the experience which they had had, seemed the most suitable for the Hong Kong duty, and, of the three, the Royal Rifles of Canada and the Winnipeg Grenadiers were finally selected.

The Royal Rifles of Canada was mobilized on the 28th June, 1940, and moved to Newfoundland on the 21st November, 1940, where it formed a part of the garrison of that island. The regiment returned to Canada in two parties on the 18th and 28th August, 1941, respectively. The commanding officer of the Royal Rifles was Lieutenant-Colonel W. J. Home, M.C., an experienced officer who had seen extensive service in France and Belgium during the last war.

Mr. HANSON (York-Sunbury): May I interrupt to ask whether the Royal Rifles were at one time stationed at Sussex and, if so, when?

Mr. RALSTON: I cannot give the date.

Mr. HANSON (York-Sunbury): Was it 1941 or 1940?

Mr. RALSTON: It was 1940, I think.

Mr. POWER: From September or August of 1940 to December.

Mr. RALSTON: The Winnipeg Grenadiers was mobilized on the 2nd September, 1939. On the 25th May, 1940, it proceeded to the West Indies where it formed part of the Jamaica garrison until the 9th September, 1941, at which date the advance party of the unit returned to Canada followed by the main body of the regiment in two groups on the 21st September and the 8th October, 1941, respectively. This regiment was commanded by Lieutenant-Colonel J. L. R. Sutcliffe, who served with the Canadian Expeditionary Force in France and Belgium in 1915, and later in India, Mesopotamia, Persia, Russia and Turkey.

When selected for the Hong Kong duty these two battalions had thus been mobilized for fifteen months and twenty-five months respectively. Both of them had trained in Canada prior to embarkation in 1940 for their garrison duties in Newfoundland and Jamaica. Their training was continued throughout these periods of service abroad. Each battalion had the advantage of having had the same men training for a long period under the same officers and non-commissioned officers. As battalions they were, I believe, properly regarded as among the most seasoned and experienced Canadian units available for this duty.

3. Preparation of the Canadian forces. When these two battalions were selected for the duty at Hong Kong, the Royal Rifles was up to full strength (with two men surplus) and the Winnipeg Grenadiers was 129 men under strength. The lower strength of the Winnipeg Grenadiers was due to its operating in Jamaica at reduced strength in accordance with British garrison establishment. In addition to bringing the Grenadiers up to strength, it was decided to provide each battalion with a surplus or reserve of 156 men, known as "first reinforcements." These "first reinforcements" are usually kept at the base when a unit goes into a theatre of war.

The total number of additional men required to prepare these two battalions for the Hong Kong duty was thus 127 men to complete the ordinary strength and 312 men as surplus or first reinforcements, making 439 in all. These additional men had to be obtained without delay from other units and training centres.

The total force which finally embarked for Hong Kong, as reported by Brigadier Lawson on board the transport, amounted to 100 officers and 1,885 men—a total of 1,985 all ranks.

Regarded as a whole, this was a well-trained force consisting mainly of two experienced and well integrated battalions. It included, however, the 439 additional men and reinforcements whom I have already mentioned, who were new to these particular battalions. Of the 439 men, there were 172, or more than sufficient to bring the force up to full strength, who had service of a year or more. Including these, there were 291 men who were fully up to the established standard of training required for overseas duty as reinforcements and 138 who were below this standard. This leaves ten men whose training record has not yet been completely reported to me.

Departmental orders require that infantry with less than 16 weeks' training shall not proceed overseas unless authorized by headquarters at Ottawa. In this case it is clear that although training requirements were observed in provid-

ing sufficient additional men to bring the force up to full strength, there would be available for the "first reinforcements" group a total of 138 to 148 men out of the force of 1,885 who had received less than sixteen weeks' training. An inquiry is being made fully into the circumstances under which these men were accepted and action will be taken in accordance with the facts found.

4. Equipment and transportation of the Canadian force. As I have stated, the war office's request for a Canadian force to reinforce the Hong Kong garrison was received here on September 19, and the Canadian government's concurrence was telegraphed to London on September 29. An acknowledgment from London was received on October 1 and this was followed on October 9 by a message dealing with the actual military arrangements and requirements.

Our military authorities were thus authorized to proceed with their arrangements on October 9. A troopship provided by the Admiralty and naval escort were to be available to us at Vancouver between October 20 and 31. The sailing date finally decided upon was October 27, which meant that the movement of troops from eastern Canada had to be under way not later than October 23. There was thus a period of about fourteen days—from October 9 to 23—in which to complete all necessary preparations, and action had to be taken accordingly with the greatest urgency and secrecy.

Provision of equipment and stores for the force was a question which received careful study, in consultation with the war office, as to the scale of provision required for the Hong Kong duties. There was some temporary doubt as to whether complete mechanical transport should be taken. As a result of a war office message received on October 11 it was decided that this would be done.

The mechanized transport for the whole force amounted to 212 vehicles, including universal carriers, and these could not be accommodated on the troopship provided by the admiralty. It was therefore necessary to secure a freighter, which was obtained through the British ministry of war transport.

The freighter reached Vancouver on October 28 and sailed, with the mechanical transport aboard, on November 4. She was a slow ship, capable of 8½ knots. When the sudden Japanese attack came on December 7 she was nearing the Philippine islands, and on December 12 reached Manila, where she remained under direction of United States naval authorities. I am not at liberty to give further information regarding this ship beyond saying that she could not, and did not, reach Hong Kong.

As far as we have been able to ascertain up to the present, the freighter which we secured for arrival at Vancouver on October 28 was the earliest ship we could obtain, and with this ship it was physically impossible to have had the 212 vehicles of our forces' mechanical transport reach Hong Kong before hostilities began on December 7.

The possibility of accommodating any of these vehicles on the troopship which carried the force itself was considered. After completing calculations of space requirements for troops and equipment it was thought that there might be space on the troopship for perhaps 20 vehicles out of a total of 212. These were sent forward by rail, but did not reach Vancouver before the troopship sailed. Brigadier Lawson, en route to Hong Kong, expressed disappointment that some of the mechanical transport was not aboard. My information is that it might have been possible, if they had arrived in time, to have put fourteen vehicles on the troopship. Whether these fourteen vehicles would have been any real help is a point of speculation to which none of us can know the answer.

The troopship sailed from Vancouver, as planned, on October 27. This ship carried the force of 1,985 officers and men and full equipment of weapons and supplies on the scale decided upon in consultation with the war office. The weapons included rifles, Bren guns, Thompson submachine guns and 2" and 3" mortars. The reserve equipment carried was calculated to make the force self-sufficient for a period of 12 months.

Arrangements were completed with the war office in regard to the provision of the balance of anti-tank rifles, which at that time could not be supplied from Canada. Anti-tank ammunition and mortar ammunition was also to be made available by the British authorities after arrival at Hong Kong.

The troopship reached Hong Kong on November 16, after a voyage of about 20 days. Three weeks later, on Sunday, December 7, Japan suddenly and without warning struck in the Pacific.

The events of December 7 at Pearl Harbour and the loss of the *Prince of Wales* and the *Repulse* a few days later completely changed the strategic position not only in the China sea but in the whole far eastern region. Japan in a few hours attained a command of the far eastern waters that was, and may be for some time, difficult to challenge. The dispatch of assistance to Hong Kong was no longer a feasible operation of war. Much less was there even a fleeting opportunity to repeat the miracle of Dunkirk.

The Japanese by these events became free to attack by land, sea and air, and the only

support could come by the Chinese operating in the rear of the Japanese landward attack. The Chinese, despite all their efforts, were not able to influence the outcome of the battle. It remained for the British, Canadian and Indian troops making up the garrison of Hong Kong to face heavy odds and to fight it out, as they did.

5. Operations of the Canadian force. Our information regarding operations at Hong Kong, as the house knows, is meagre.

The first indication of action was contained in a telegram of December 8, naming two signalmen slightly wounded in action. On the following day, December 9, a telegram referred to one company of Winnipeg Grenadiers dispatched as reinforcements to Kowloon brigade. On December 10 information was received that this company was still in reserve and not yet employed. On December 12 a telegram reported that pressure had developed on left flank at Kowloon, but the situation was stabilized by all available reserves including one company of Winnipeg Grenadiers. On the 14th, however, a message reported Canadian troops not yet seriously engaged. On December 15 one rifleman was reported missing.

On December 19 it was reported that a battalion of Canadians, with other troops, was holding a line from Stanley peninsula and hill to the northwards. On December 22 we received through the Admiralty news that a counter-attack from Stanley had failed and that casualties included about one hundred Canadians. A second counter-attack by a company of the Winnipeg Grenadiers had also failed. The same telegram described the troops—presumably all troops, not only Canadians—as very tired, and noted that casualties were heavy and included Brigadier Lawson, believed killed, and Colonel Hennessy, killed by shell-fire.

On December 25 we learned of the intention of the governor of Hong Kong to surrender. An Admiralty message on the 27th added the name of Major Lyndon as missing. On the 28th seven Canadian other ranks were reported as wounded and one missing. This telegram was delayed from December 20. Later a delayed unofficial message mentioned Staff-Captain Bush as wounded in action.

I know that in this house, as throughout Canada, there is deep and heartfelt sympathy for the families and friends of the brave men who have been reported as casualties at Hong Kong, as well as for all of those who are enduring this long period of anxious suspense through lack of news.

On December 29 we received another Admiralty telegram reporting a delayed message of December 22 sent by Lieut.-Colonel J. L. R. Sutcliffe of Winnipeg, who by that time had assumed operational command of our force. His message stated "Canadian troops part prisoners, residue engaged, casualties heavy . . . troops have done magnificent work, spirit excellent."

That is a message for us to remember.

The defence of Hong Kong is in accordance with the finest traditions of Canadian armies. All ranks fought it out to the last, and more cannot be asked of any man. May I conclude in the words of the London *Times*. Referring to the fortitude and heroism of these men of Britain, of India and of Canada, and what they achieved at Hong Kong to help save freedom for us all, the words express far better than I can do what is in our hearts:

> The heroic defence of Hong Kong was not only beyond price as an inspiring example of valour and devotion; it also gained a footing in precious time, and, whether or not it may prove to have rivalled in that respect the decisive achievement of our forces in Crete, the invader would have gained vital days, if it had been decided to yield the colony without a struggle.

Hon. R. B. HANSON (Leader of the Opposition): I should like to say at the very outset of the few remarks which I wish to make on this subject that I think the country owes the minister (Mr. Ralston) its thanks for having made an objective and explicit statement about the situation at Hong Kong. In addition to other reasons, I am interested in the fate of those who may be survivors of Hong Kong, because I recall that the Royal Rifles of Canada trained in my province during part of the year 1940, and that a very substantial number of the men were enlisted from New Brunswick. I can say that four sons of one family enlisted from the little town of Upsalquitch—their name is Macdonald—and last Thursday or Friday I had a call from a young woman whose brother, a young man twenty-two years of age, I think, trained at Camp Borden as a rifleman, was among those mentioned by the minister as having been selected for the reinforcement of the battalion which went overseas. I communicated with the minister and he was good enough to reply, with as much promptitude as I could have expected, as to the fate of these gallant young Canadians.

I offer no criticism at all of the government for having sent these two battalions to Hong Kong. If we are to be in a total war, and to undertake a total war effort, aside altogether from questions of prospective manpower, and methods by which that may be

attained, we must expect to share, in common with the other gallant soldiers of the British empire, and of our democratic allies, the fortunes of war.

Whether or not Hong Kong was a mistake I shall not say. Who am I, that I should criticize anyone—the British government, or the Canadian government—with the minimum of information I have? I do not propose to put myself in any such impossible position, and I offer no criticism. As soon as opportunity offers I hope the government or the department will—and I believe it will—ascertain the fate of those who may have survived and, if it is found that they are prisoners of war, do what is possible to render their position secure for the future. I know my hon. friend the minister will undertake to do that. I believe he will give information to those who are so earnestly desirous of obtaining information as to the fate of their relatives and dear ones who may have been enlisted in those regiments.

I believe there has been a somewhat strange misconception with relation to this matter. No one has criticized the Royal Rifles. It is one of the best and most ancient of our militia establishments in Canada, and it was manned by some of the finest officers who ever left our shores. There is no question about that. The personnel of that battalion was, I believe, equal to that of any battalion we have sent overseas. In some quarters there appears to be a misinterpretation of references respecting the Royal regiment. There has been no criticism of the training of the battalion proper. So far as I am aware there has been no criticism of the equipment which went with that battalion. The minister in his statement to-day has made clear the position with respect to equipment, and I accept every word he has said.

But in a measure the question of providing man-power for reinforcements is raised by the very statement the minister has made. Until the exact facts are established—and he has undertaken to establish them—there is some question in my mind whether the 152 men who went from Camp Borden, among whom was Rifleman MacBeth from a county in New Brunswick, should have been sent. That responsibility is for the permanent officials of the army. If they have not discharged that responsibility it is up to the minister to take action to see that the blame is allocated where it belongs.

Following the minister's statement I was startled to learn that before they were sent overseas a portion of these men had not been trained for the length of time the officials of the department thought necessary. But that of course raises another difficult question, namely the whole question of reserve man-power, one which I do not propose to discuss in the house to-day. But I would remind the minister and the government that it is a very live issue throughout the country, and an issue which sooner or later parliament, the government and the individual membership of the house must face. The Royal Rifles of Canada at Hong Kong are only incidental to that position. I accept without reserve the factual statement the minister has made respecting these men. Until it is shown to me that there is error in his statement, I accept wholly the statement he has made.

Hong Kong?—before this war is over perhaps there will be more Hong Kongs. We have to make up our minds, the Canadian people have to make up their minds, and the people of the democracies who to-day are faced with a situation more serious than that which has ever confronted the peoples of the world have got to make up their minds that there may be more Hong Kongs. Let us as Canadians—not as partisans—get together and face the facts realistically. Let us do our duty by those we are about to send overseas to fight for us and all that we believe.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I add a word at this point? I believe it may be said that we are united in our admiration of the defence made by the men at Hong Kong. I do not agree with the leader of the opposition (Mr. Hanson) when he states that necessarily there should be other Hong Kongs. The criticism has been made that there were some men who were not sufficiently trained and that the equipment was not all that it might have been. I believe the minister's statement provides ground for these criticisms.

I suggest to the Prime Minister (Mr. Mackenzie King) that it is indeed difficult to discuss openly the matter of equipment of men, matters of policy and the training of men either in Newfoundland or in the West Indies. May I add that we saw a Canadian battalion in Newfoundland. We saw the kind of defences they have, and the equipment they have been supplied. I say to the Prime Minister that opportunity should be given the house to discuss these matters in private session, so that no one may be accused at any time of saying anything in the house which might interfere with the war effort.

Some things ought to be said. Some questions ought to be asked. I hesitate to say those things or to ask those questions in open session. I know everything I say may go across the country, and perhaps into the outside world. In Great Britain secret sessions are held frequently. In November while some of us were in the gallery of the British House of Commons, we heard the Prime Minister, Mr. Churchill, state that later that day the house would go into secret session to discuss the war effort. Many hon. members in this house hesitate at times to ask questions which come to their minds, but which may be based on improper information. But we would like to have the opportunity of discussing these matters thoroughly. There are matters which have been causing some concern to the people of Canada. There was the question respecting the islands of St. Pierre and Miquelon. There is the question of Vichy representation, and the further question of our relationship with Russia. All these matters have been discussed across Canada, and each offers aspects which do not lend themselves to public discussion. They involve other governments and peoples.

I am asking the Prime Minister, as I had intended to do privately before the house opened, had I had the opportunity, to make it possible at an early day for hon. members to ask questions about such matters and get proper information in a closed session.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I was unable to hear just what the minister (Mr. Ralston) said when he was speaking about the number of troops for which the British had asked. Did they ask for only two battalions?

Mr. RALSTON: One or two battalions, and then later they asked for a modified brigade headquarters.

Mr. BLACKMORE: It seems to me, on the face of it, that that is a very small number of men to send into such a precarious position. I really find it difficult to make that out. However, there is no use crying over spilt milk, as we say. But surely in times like these it would seem to be a serious matter to send so few men.

I could not quite get the combination of circumstances which delayed the vessel carrying the equipment for these men. I did get the statement about the supply ship getting to Manila and all the rest of it, but I did not get the reason why the ship was unable to leave until so late. I am wondering why the men were not held back until the equipment was ready to go forward. If there is one thing which has been apparent since the beginning of this war, it is that men simply cannot fight without machines. To send men forward without adequate equipment of all kinds is virtually to offer them for sacrifice. That seems to have been done in this case; at least their lives were needlessly risked.

I believe in the last analysis everyone in the house and in the country will agree that the lives of these men were far more important than the amount of good they were able to do by resisting the enemy for that length of time. It seems to me that if serious criticism is to be offered, it must be offered on this point: these men should never have been sent forward until the equipment was ready to go with them, or until there was reasonable assurance that the equipment would get there in time to protect their lives.

Having heard the story to-day for the first time, it seems strange to me that the ship with those men on board should have left port before the train arrived with the fourteen machines or the fourteen pieces of equipment. Surely the Canadian government or some other government had sufficient power over such ships to delay a sailing long enough for machines to join a ship. If not, I think it is time this house knew about it.

Mr. J. A. ROSS (Souris): Mr. Speaker, I should like to add a word by way of compliment to the Minister of National Defence (Mr. Ralston) upon the explicit statement he has made.

Mr. SPEAKER: There is nothing before the house, only a statement by the minister.

Mr. MACKENZIE (Vancouver Centre): With unanimous consent.

Mr. ROSS (Souris): A lot has been said about the eastern regiment, but I come from Manitoba and I know many of the personnel of the Winnipeg Grenadiers. I have asked many questions in the past of the Minister of National Defence concerning our reserves in case we had difficulty, and from the figures he has given to-day I take it that we were short of trained men to complete these two regiments. I do not know whether that is really so, but I do know that a young friend of mine enlisted from my own community and within three months of being attested he was on his way to Hong Kong. I think that is wrong. Probably we were short of properly trained men. I understood the minister to say that when this investigation is completed the members of the house will be given an explanation as to why these regiments were reinforced in that manner.

As a member coming from Manitoba I wish to express our great admiration for those chaps who went to Hong Kong. As members of this unit they have done a fine job for Canada. I want also to express our deepest sympathies with the relatives of these men and also with the minister who is responsible at this particular time.

Mr. RALSTON: May I say just a word in reply to the hon. member for Lethbridge (Mr. Blackmore)? I did not intend to start a discussion on this occasion, but I thought that a statement should be made now. I assumed that hon. members might want to discuss it in connection with estimates or at any other appropriate time. However, I do not want to let what my hon. friend said with regard to the troopship and the ship bearing munitions pass without comment.

The ship bearing munitions was an eight and a half knot ship, whereas the troopship was a seventeen knot ship. For reasons which I cannot give now to the house and which I indicated in the statement, the original arrangement by the Admiralty was that the troopship had to sail between the twentieth and the thirtieth. That was absolutely necessary; had it not been done then, there would have been no opportunity for sailing for some very considerable time after that. The result was that the troopship had to go. You could not have a convoy, that is, two ships, one a seventeen knot ship and the other an eight and a half knot ship, unless you slowed up the seventeen knot ship. Had that been done the convoy would have been somewhere out in the China sea at the time war with Japan broke. As it was, the troopship and its naval escort got there in twenty days, whereas the cargo ship took over a month. It was not feasible, having regard to the conditions, to hold the troopship back for the munitions ship.

Mr. POULIOT: The minister should resign on account of the Hong Kong affair.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I might say to my hon. friend the leader of the Cooperative Commonwealth Federation (Mr. Coldwell) that some of the reasons which the government had in mind earlier in this session and in previous sessions for not holding a secret session do not have the same force at the present time. I think I can assure him and other hon. members of the house that if it is desired to have a secret session, it will be arranged.

[Mr. Ralston.]

There is one point, however, that should be kept in mind with respect to a secret session. The government would wish to have here the officials who would be in a position to give information, and before the session itself was arranged it would be desirable that the government should be made aware of at least some of the matters hon. members might wish to bring up for discussion at that time.

Mr. HANSON (York-Sunbury): I ask the Prime Minister to keep this in mind. If there is to be a secret session at which criticism is to be levelled at, we will say, the heads of the permanent staff of the Department of National Defence, I do not think those men should be here. The minister is their spokesman, and the members of this house should be free and untrammeled to say exactly what they want to say. I have nothing in mind about this matter. So far as I am concerned, this afternoon I have shown a disposition to support the department, and I have tried to support it in days gone by. I supported the department in 1922 when the present Minister of National Defence for Air (Mr. Power) was attacking it. I do not say that to stir up any controversy at the moment, but I do say that if there is to be a secret session, hon. members should be free and untrammeled and not confined by the presence of members of the general staff of the Canadian army. I should like the Prime Minister to take that into consideration.

Mr. MACKENZIE KING: It was precisely that sort of thing that I had in mind when I suggested that it would be helpful to the ministry to know in advance what matters it was desired to discuss at a secret session. My hon. friend will realize that questions related to supplies and the like are matters of detail which no minister could possibly hope to answer unless he had his officials present. If it were desired for example to discuss the personnel and qualifications of members of the headquarters' staff, there would be no desire on the part of the government to have them present at the time.

I move that the sitting of the house be suspended until eight o'clock this day.

Motion agreed to.

SITTING SUSPENDED

At 5.20 p.m. the sitting was suspended until 8.00 p.m. this day.

SITTING RESUMED

The house resumed at eight o'clock.

PROROGATION OF PARLIAMENT

A message was delivered by Major A. R. Thompson, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour the Deputy of His Excellency the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

GOVERNOR GENERAL'S SPEECH

The Deputy of His Excellency the Governor General was pleased to close the second session of the nineteenth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

Since the present session opened, we have witnessed the extension of war until, to-day, it encompasses the globe. As aggression has succeeded aggression, the active resistance of free peoples everywhere has risen to meet it. The myth of national isolation has vanished from the earth. It is now recognized that the freedom of each nation is bound up in the freedom of all.

A little more than a year ago, the countries of the British commonwealth stood virtually alone, except for China, in armed resistance to the forces seeking domination of the world. In the front line of freedom were the brave people of Britain. Most of the countries of Europe lay at the feet of the conqueror. The heroic resistance of the peoples of Yugoslavia and Greece, the entry as an ally into the war of the Union of Soviet Socialist Republics, the determination and military might of the armed forces of the soviet union, and the achievements of the British and allied forces in Africa have materially changed the outlook in Europe.

A new and very critical situation has been created by Japanese aggression in the far east and by the declaration of war by Japan against the United States, the British commonwealth and the Netherlands. Germany and Italy have joined Japan in declaring war against the United States. In assessing the possible consequences of Japan's action, full account should be taken of the significance of the entry of the United States into war against the combined axis powers.

In Canada, within recent weeks, the world aspect of the conflict has been reflected by formal declarations of the existence of a state of war between Canada and Japan, and shortly before, by similar declarations against Hungary, Roumania, and Finland, whose governments had passed completely under nazi domination. Canada's action in this respect was a part of the solidarity which now embraces the war effort of all the allies.

In Britain, in the far east, in the skies over Europe and over Africa, and on all the seven seas, Canada's fighting men are upholding freedom. Hostilities in the Pacific have added to our problems and responsibilities. Already by their heroic participation in the defence of the island fortress of Hong Kong, Canadian troops have written an immortal chapter of Canadian valour.

The whole economy of Canada has been increasingly directed to meet the needs of war. There has been a steady and orderly mobilization of material resources and of men and women for the widely varied tasks of modern total war.

Additional precautions have been taken for civil defence.

Further provision has been made for the dependents of members of the armed forces.

Reciprocity in the war production of Canada and the United States was established as a result of the agreement reached at Hyde Park in April last. The war production of the two countries has been further increased by subsequent joint agreements.

Comprehensive and drastic measures have been taken to control the cost of living and to prevent inflation.

My government has maintained close association with His Majesty's governments in Britain, and other parts of the British commonwealth, and with those of the allied powers. My Prime Minister and several of my ministers have visited the United Kingdom for consultation and conference. The Prime Minister of Great Britain, the Prime Ministers of Australia and New Zealand, other ministers from different parts of the commonwealth, and distinguished representatives of the allied governments have also visited Canada. These personal exchanges have heartened and strengthened our common effort.

Of particular significance have been the meeting at sea and the conferences held at Washington between the Prime Minister of Great Britain and the President of the United States, and the visit to Canada of the Prime Minister of Great Britain. In these conferences, my Prime Minister and other of my ministers have been both directly and indirectly associated. The Atlantic Charter agreed upon between the President of the United States and the Prime Minister of Great Britain has been approved by all the allied nations. It sets forth underlying principles of a new world order upon which all are agreed. An outcome of the conferences at Washington was the important declaration, signed at Washington, at the beginning of the present year by the representatives of twenty-six nations. It binds each of the several countries to employ all of its resources against the axis powers, and not to conclude a separate armistice or peace.

In the course of the present session, the people of Canada learned with regret of the death of

two former governors general. The names of His Royal Highness the Duke of Connaught and the Marquess of Willingdon will remain outstanding among those of the distinguished representatives, in Canada, of His Majesty the King.

Members of the House of Commons:

I thank you for the financial appropriations you have made. Their unprecedented magnitude is but one of many evidences of the determination of the Canadian people to put forth their utmost effort in the winning of the war.

Honourable Members of the Senate:

Members of the House of Commons:

I devoutly join with you in invoking the aid of Divine Providence in the preservation of our Christian civilization.

This concluded the second session of the nineteenth parliament.

ADDRESS

OF

THE RIGHT HONOURABLE WINSTON S. CHURCHILL

Prime Minister of Great Britain

TO

MEMBERS OF THE SENATE AND THE HOUSE OF COMMONS

IN THE

HOUSE OF COMMONS CHAMBER, OTTAWA

Tuesday, December 30, 1941, at 3 p.m.

Mr. Churchill was introduced by Mr. Mackenzie King.

Hon. James Allison Glen, Speaker of the House of Commons, presided.

Mr. SPEAKER: Your Royal Highness, Mr. Churchill, honourable members of the Senate and of the House of Commons, ladies and gentlemen: I would ask the Right Honourable Mackenzie King, the Prime Minister of Canada, to introduce the Right Honourable Winston Churchill, the Prime Minister of Britain.

Right Hon. W. L. MACKENZIE KING (Prime Minister of Canada): Mr. Speaker, hon. members of the Senate and of the House of Commons, on behalf of the Government and people of Canada I have the honour this afternoon to renew the welcome already extended from all parts of our country to the Prime Minister of Britain, the Right Hon. Winston Churchill.

I desire to express to Mr. Churchill the thanks of the entire country for his visit to Canada at this time. I thank him also for having so kindly consented, while in our capital city, to address the members of the two Houses of Parliament, and to speak, from this House of Commons chamber, to all the people of Canada.

I need not say to Mr. Churchill how unbounded is our admiration of the brave people of Britain. Nor need I tell him how completely he is, to us, the personification of Britain's greatness. That greatness was never more apparent than in this time of gravest crisis in the history of the world.

I speak, Mr. Churchill, for all the members of both Houses when I say that the Parliament of Canada was never more sure of its ground than when, at the very beginning of the war, it took its stand at the side of Britain in her determination to thwart aggression and to preserve freedom. Canada was never prouder of that stand than today, when, after sharing in arms for more than two and a quarter years, with Britain and other of the nations of the British Commonwealth in the defence of freedom, she is honoured, as we especially are this afternoon, by the presence in her halls of parliament of the man who, by his clear vision, undaunted courage, inspired utterance and heroic spirit, has given such incomparable leadership to the hosts of freedom.

Again I speak for all members of parliament and for the Canadian people as a whole when I say that we are unreservedly determined to maintain our stand at Britain's side and at the side of the other nations that fight for freedom. In that determination we are also resolved to put forth our utmost effort until the day of ultimate triumph over the evil forces that now seek to dominate the world.

Mr. Churchill, it is the prayer of the people of Canada that the Divine Power by which your life has been guided and guarded amid the perils and vicissitudes of war may continue to give you the vision, the wisdom and the endurance required for your mighty task. May you be spared to share in the hour of victory the reward of your life's endeavours.

Mr. Speaker, the Prime Minister of Great Britain, the Right Honourable Winston Churchill.

Right Hon. WINSTON SPENCER CHURCHILL (Prime Minister of Great Britain): Mr. Speaker, members of the Senate and members of the House of Commons, it is with feelings of pride and encouragement that I find myself here in the House of Commons of Canada invited to address the Parliament of the senior Dominion of the Crown. I am very glad to see again my old friend Mr. Mackenzie King, for fifteen out of twenty years your Prime Minister, and I thank him for the all too complimentary terms in which he has referred to myself.

I bring you, Mr. Speaker, the assurance of good will and affection from everyone in the motherland. We are most grateful for all you have done in the common cause, and we know that you are resolved to do whatever more is possible as the need arises and as opportunity serves.

Canada, Sir, occupies a unique position in the British Empire because of its unbreakable ties with Britain and its ever-growing friendship and intimate association with the United States. Canada is a potent magnet, drawing together those in the new world and in the old whose fortunes are now united in a deadly struggle for life and honour against the common foe.

The contribution of Canada to the imperial war effort, in troops, in ships, in aircraft, in food and in finance has been magnificent. The Canadian army now stationed in England has chafed not to find itself in contact with the enemy, but I am here to tell you that it has stood and still stands in the key position to strike at the invader should he land upon our shores. In a few months, when the invasion season returns, the Canadian army may be engaged in one of the most frightful battles the world has ever seen. Upon the other hand their presence may help to deter the enemy from attempting to fight such a battle on British soil. Although, Sir, the long routine of training and preparation is undoubtedly trying to men who left prosperous farms and businesses or other responsible civil work, inspired by an eager and ardent desire to fight the enemy, although this is trying to high-mettled temperaments, the value of the service rendered is unquestionable, and the peculiar kind of self-sacrifice involved, will, I am sure, be cheerfully or at least patiently endured.

Sir, the Canadian government has imposed no limitation upon the use of the Canadian army whether upon the continent of Europe or elsewhere, and I think it extremely unlikely that this war will end without the Canadian army coming to close quarters with the Germans as their fathers did at Ypres, on the Somme, or on the Vimy Ridge.

Already, at Hong Kong, that beautiful colony which the industry and mercantile enterprise of Britain has raised from a desert isle and made the greatest port of shipping in the whole world, at Hong Kong, that colony wrested from us for a time, until we reach the peace table, by the overwhelming power of the home forces of Japan to which it lay in proximity—at Hong Kong soldiers of the Royal Rifles of Canada and the Winnipeg Grenadiers, under a brave officer whose loss we mourn, have played a valuable part in gaining precious days and have crowned with military honour the reputation of their native land.

Another major contribution made by Canada to the imperial war effort is the wonderful and gigantic empire training scheme for pilots for the royal and imperial air forces. This has now been, as you know well, in full career for nearly two years under conditions free from all interference by the enemy.

The daring youth of Canada, Australia, New Zealand, together with many thousands from the homeland, are perfecting their training under the best conditions, and we have been assisted on a large scale by the United States, many of whose training facilities have been placed at our disposal. This scheme will provide us in 1942 and 1943 with the highest class of trained pilots, observers and air gunners, in the numbers necessary to man the enormous flow of aircraft which the factories of Britain, of the empire and of the United States are and will be producing.

I could, Sir, speak also on the naval production of corvettes, and above all of merchant ships, which is proceeding on a scale almost equal to the building of the United Kingdom, all of which Canada has set on foot.

I could speak of many other activities—of tanks, of the special forms of modern high-velocity cannon, of the great supplies of raw materials and many other elements essential to our war effort, on which your labours are ceaselessly and tirelessly engaged. But I must not let my address to you become a catalogue. I turn to less technical fields of thought.

Sir, we did not make this war. We did not seek it. We did all we could to avoid it. We did too much to avoid it. We went so far in trying to avoid it as to be almost destroyed by it when it broke upon us. But that dangerous corner has been turned, and with every month and every year that passes we shall confront the evil-doers with weapons as plentiful, as sharp and as destructive as those with which they have sought to establish their hateful domination.

I should like to point out to you, Mr. Speaker, that we have not at any time asked

for any mitigation in the fury or malice of the enemy. The peoples of the British Empire may love peace. They do not seek the lands or wealth of any country. But they are a tough and hardy lot. We have not journeyed all this way across the centuries, across the oceans, across the mountains, across the prairies, because we are made of sugar candy.

Look at the Londoners, the cockneys. Look at what they stood up to, grim and gay, with their cry, "We can take it," and their wartime mood—"What is good enough for anybody is good enough for us."

We have not asked that the rules of the game should be modified. We shall never descend to the German and Japanese level; but if anybody likes to play rough we can play rough too. Hitler and his Nazi gang have sown the wind; let them reap the whirlwind. Neither the length of the struggle nor any form of severity which it may assume shall make us weary or shall make us quit. I have been all this week with the President of the United States, that great man whom destiny has marked for this climax of human fortune. We have been concerting the united pacts and resolves of more than thirty states and nations to fight on in unity together and in fidelity one to another, without any thought except the total and final extirpation of the Hitler tyranny, the Japanese frenzy and the Mussolini flop.

There shall be no halting or half measures, there shall be no compromise or parley. These gangs of bandits have sought to darken the light of the world, have sought to stand between the common people of all the lands and their march forward into their inheritance; they shall themselves be cast into the pit of death and shame. And only when the earth has been cleansed and purged of their crimes and their villainy will we turn from the task which they have forced upon us, a task which we were reluctant to undertake, but which we will now most faithfully and punctiliously discharge.

Mr. Speaker, according to my sense of proportion this is no time to speak of hopes of the future or of the broader world which lies beyond our struggles and our victory. We have to win that world for our children. We have to win it by our sacrifices. We have not won it yet. The crisis is upon us. The power of the enemy is immense. If we were in any way to underrate the strength, the resources or the ruthless savagery of that enemy we should jeopardize not only our lives—for they will be offered freely—but the cause of human freedom and progress to which we have vowed ourselves and all we have. We cannot for a moment, Sir, afford to relax. On the contrary, we must drive ourselves forward with unrelenting zeal. In this strange, terrible world war there is a place for everyone, man and woman, old and young, hale and halt. Service in a thousand forms is open. There is no room now for the dilettante, for the weakling, for the shirker or the sluggard. The mine, the factory, the dockyard, the salt sea waves, the fields to till, the home, the hospital, the chair of the scientist, the pulpit of the preacher—from the highest to the humblest, the tasks all are of equal honour. All have their part to play. The enemies ranged against us, coalesced and combined against us, have asked for total war. Let us make sure they get it.

That grand old minstrel, Harry Lauder—Sir Harry Lauder, I should say, and no honour was better deserved—had a song in the last war which began:

> If we all look back o'er the history of the past,
> We can just see where we are.

Let us then look back. Sir, we plunged into this war all unprepared because we had pledged our word to stand by the side of Poland, which Hitler had feloniously invaded and, in spite of a gallant resistance, had soon struck down. There followed that astonishing seven months which were called on this side of the Atlantic the "phoney" war. Suddenly the explosion of pent-up German strength and preparation burst upon Norway, Denmark, Holland and Belgium. All these absolutely blameless neutrals, to most of whom Germany up to the last moment was giving every kind of guarantee and assurance, were overrun and trampled down. The hideous massacre of Rotterdam, where thirty thousand people perished, showed the ferocious barbarism in which the German air force revels when, as in Warsaw and later Belgrade, it was able to bomb practically undefended cities.

On top of all this came the great French catastrophe. The French army collapsed and the French nation was dashed into utter and, as it has proved so far, irretrievable confusion. The French government had, at their own suggestion, solemnly bound themselves with us not to make a separate peace. It was their duty, and it was also their interest, to go to North Africa, where they would have been at the head of the French empire. In Africa with our aid they would have had overwhelming sea power; they would have had the recognition of the United States, and the use of all the gold they have lodged beyond the seas. If they had done this, Italy might have been driven out of the war before the end of 1940, and France would have held her place as a nation in the councils of the allies, and at the conference table of the victors.

But their generals misled them. When I warned them that Britain would fight on alone, whatever they did, their generals told

their Prime Minister and his divided cabinet, "In three weeks England will have her neck wrung like a chicken." Some chicken! Some neck!

What a contrast, Sir, has been the behaviour of the valiant, stout-hearted Dutch, who still stand forth as a strong-living partner in the struggle. Their venerated Queen and their government are in England. Their princess and her children have found asylum and protection here in your midst. But the Dutch nation are defending their empire with dogged courage and tenacity by land, sea and in the air. Their submarines are inflicting a heavy daily toll upon the Japanese robbers who have come across the seas to steal the wealth of the East Indies, and to ravage and exploit its fertility and its civilization.

The British Empire and the United States are going to the aid of the Dutch. We are going to fight out this new war against Japan together. We have suffered together and we shall conquer together. But the men of Bordeaux, the men of Vichy—they would do nothing like this. They lie prostrate at the foot of the conqueror. They fawned upon him. And what have they got out of it? The fragment of France which was left to them is just as powerless, just as hungry as, and even more miserable because more divided than the occupied regions themselves. Hitler plays from day to day a cat and mouse game with these tormented men. One day he will charge them a little less for holding their countrymen down. Another day he will let out a few thousand broken prisoners of war from the million and a half or million and three quarters he has collected. Or, again, he will shoot a hundred French hostages to give them a taste of the lash. On these blows and favours the Vichy government have been content to live from day to day. But even this will not go on indefinitely. At any moment it may suit Hitler's plans to brush them away. Their only guarantee is Hitler's good faith which, as everyone knows, biteth like the adder and stingeth like the asp. Some Frenchmen there were who would not bow their knees and who under General de Gaulle have continued to fight at the side of the allies. They have been condemned to death by the men of Vichy, but their names will be held, and are being held, in increasing respect by nine Frenchmen out of every ten throughout the once happy, smiling land of France.

But now, Sir, strong forces are at hand. The tide has turned against the hun. Britain, which the men of Bordeaux thought and then hoped would soon be finished, Britain with her empire around her carried the weight of the war alone for a whole long year through the darkest part of the valley. She is growing stronger every day. You can see it here in Canada. Anyone who has the slightest knowledge of our affairs is aware that very soon we shall be superior in every form of equipment to those who have taken us at the disadvantage of being but half armed.

The Russian armies under their warrior leader Joseph Stalin are waging furious war with increasing success along a thousand-mile front of their invaded country. General Auchinleck at the head of a British, South African, New Zealand and Indian army is striking down and mopping up the German and Italian forces who had attempted the invasion of Egypt. Not only, Sir, are they being mopped up in the desert but great numbers of them have been drowned on the way there by the British submarines and the Royal Air Force, in which Australian squadrons play their part. As I speak this afternoon an important battle is being fought around Agedabia. We must not attempt to prophesy its result, but I have good confidence. Sir, all this fighting in Libya proves that when our men have equal weapons in their hands and proper support from the air they are more than a match for the Nazi hordes.

In Libya as in Russia events of great importance and of most hopeful import have taken place. But, greatest of all, the mighty republic of the United States has entered the conflict and entered it in a manner which shows that for her there can be no withdrawal except by death or victory.

Et partout dans la France occupée et inoccupée, car leur sort est égal, les honnêtes gens, le grand peuple, la nation française, se redressent. L'espoir se rallume dans les cœurs d'une race guerrière, même désarmée, berceau des libertés révolutionnaires, et terrible aux vainqueurs. Partout on voit le point du jour et la lumière grandit, rougeâtre mais claire.

Nous ne perdrons jamais confiance que la France jouera le rôle des hommes libres et qu'elle reprendra, par des voies dures, sa place dans la grande compagnie des nations libératrices et victorieuses.

Ici, au Canada, où la langue française est honorée et parlée, nous nous tenons prêts et armés pour aider et saluer cette résurrection nationale.

(Translation): And everywhere in occupied or unoccupied France, their lot being the same, the decent portion of that great people, the French nation, are raising their heads again. Hope is revived in the hearts of a warlike though disarmed race, cradle of revolutionary liberties and scourge of conquerors. Everywhere breaks the dawn and the light spreads, reddish but bright.

We shall ever be confident that France will play the part of free men and that she will regain, after many tribulations, a place among the great victorious and liberating nations.

Here in Canada, where the French language is cherished and spoken, we stand ready and armed to help and welcome this national resurrection.

(Text): Now that the whole of the North American continent is becoming one gigantic armed camp; now that the immense reserve power of Russia is gradually becoming apparent; now that long-suffering, unconquerable China sees help approaching; now that the outraged and subjugated nations can see daylight ahead, it is permissible to take a broad forward view of the war.

Sir, we may observe three main periods or phases in the struggle that lies before us. First, there is the period of consolidation, of combination, and of final preparation. In this period, which will certainly be marked by much heavy fighting, we shall still be gathering our strength, resisting the assaults of the enemy, and acquiring the necessary overwhelming air superiority and shipping tonnage to give our armies the power to traverse, in whatever numbers may be necessary, the seas and oceans which, except in the case of Russia, separate us all from our foe. It is only when the vast shipbuilding programme, on which the United States has already made so much progress, and which you are powerfully aiding, comes into full flood, that we shall be able to bring the whole force of our manhood and of our modern scientific equipment to bear upon the enemy. How long this period will take depends upon the vehemence of the effort put into production in all our war industries and shipyards.

The second phase, Sir, which will then be open may be called the phase of liberation. During this phase we must look to the recovery of the territories which have been lost or which may yet be lost, and also we must look to the revolt of the conquered peoples from the moment that the rescuing and liberating armies and air forces appear in strength within their bounds. For this purpose it is imperative that no nation or region overrun, that no government or state which has been conquered, should relax its moral and physical efforts and preparations for the day of deliverance. The invaders, be they Germans or Japanese, must everywhere be regarded as infected persons, to be shunned and isolated as far as possible. Where active resistance is impossible, passive resistance must be maintained. The invaders and tyrants must be made to feel that their fleeting triumphs will have a terrible reckoning, and that they are hunted men and that their cause is doomed. Particular punishment will be reserved for the Quislings and traitors who make themselves the tools of the enemy. They will be handed over to the judgment of their fellow countrymen.

Sir, there is a third phase which must also be contemplated, namely, the assault upon the citadels and homelands of the guilty powers both in Europe and in Asia.

Thus I endeavour in a few words to cast some forward light upon the dark inscrutable mysteries of the future. But in thus forecasting the course along which we should seek to advance we must never forget that the power of the enemy and the action of the enemy may at every stage affect our fortunes. Moreover, Sir, you will notice that I have not attempted to assign any time limits to the various phases. These time limits depend upon our exertions, upon our achievements, and upon the hazardous and uncertain course of the war.

Nevertheless, I feel it is right at this moment to make it clear that, while an ever-increasing bombing offensive against Germany will remain one of the principal methods by which we hope to bring the war to an end, it is by no means the only method which our growing strength now enables us to take into account. Evidently the most strenuous exertions must be made by all. As to the form which those exertions take, that is for each partner in the Grand Alliance to judge for himself in consultation with others and in harmony with the general scheme.

Let us then, Sir, address ourselves to our task, not in any way underrating its tremendous difficulties and perils, but in good heart and sober confidence, resolved that, whatever the cost, whatever the suffering, we shall stand by one another, true and faithful comrades, and do our duty, God helping us, to the end.

Mr. SPEAKER: We will close this historic meeting with the singing of the National Anthem.

The National Anthem having been sung, the gathering dispersed with three cheers for Mr. Churchill.

END OF VOLUME IV